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NEWS SUMMARY

GENERAL

BUSINESS

rkets Bologna rain crash kills 45

Japan's trade in record surplus

Average earnings limit of 7% is aim in next pay round

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

An increase in average earnings of 7 per cent. should soon emerge as the specific Government objective for the next pay round starting in the summer, and the plan is to enforce it in both the public and private sectors.

The controversial contract clauses in official orders will remain part of the Government's programme to influence the private sector, and the 7 per cent. earnings guideline—implying a rise of about 5 per cent. in basic wage settlements—has been built into cash limits in the public sector.

Ministers will spell out this pay amount shortly in what will amount to a declaration of a "no it alone" policy, rather than wait until near the end of the current pay round.

The 7 per cent. target will be presented as an average, rather than a rigid maximum, to allow flexibility and variations in particular industries. But the same aim has not been achieved in the current round, when the 10 per cent. limit has been treated as a flat-rate increase.

Ministers will reiterate union calls for a shorter working week to be allowed in the policy, though there is likely to be continued scope for self-financing productivity agreements and special commitments made in the current round, like that to the firemen.

Ministers and officials hope that an early and public concurrence on the 7 per cent. figure, coupled with extortions and the occasional use of sanctions, will win widespread acceptance.

The Government is unresistant about the use of pay sanctions such as the threatened withdrawal of official aid, believing that sanctions against companies last August were an important check at the beginning of the round.

The Government campaign will stress that, by the early summer, retail prices should be rising at an annual rate of 7 per cent., and so acceptance of the official pay target will allow a rise in the standard of living after taking into account tax cuts.

Ministers still hope that the TUC will support a continuation of the rule maintaining a 12-month interval between pay settlements and not openly oppose government policy.

This support is likely to be the

rate of earnings growth from the range of 13 to 14 per cent. in

Continued on Back Page

Agreement

The Government has become accustomed to the almost certain absence of a detailed pay agreement with the TUC. Unlike last year, there will be no attempt to seek a formal deal with the unions, since this would risk a politically damaging rebuff.

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The proposed slow down in the

rate of earnings growth from the range of 13 to 14 per cent. in

Continued on Back Page

Mugabe seeks Marxist one-party state

BY MARTIN DICKSON IN SALISBURY AND QUENTIN PEEL IN PRETORIA

MR. ROBERT MUGABE, the co-leader of the Patriotic Front, made it clear yesterday that he wanted a one-party Marxist State in Rhodesia.

"We believe sincerely that a multi-party system, unless it is particularly desired by the people, is a luxury in a State."

"We should concentrate on policies aimed at the transformation of society and we believe therefore that to achieve maximum progress you have got to concentrate your energies in one direction, and this one direction can only be brought about by your aligning yourselves as one force with ideological objectives that seek to be attained."

He acknowledged that these objectives were Marxist ones. The Patriotic Front has already committed itself to pre-independence elections and there are indications that Mr. Joshua Nkomo's wing of the alliance would wish to dissociate itself from Mr. Mugabe's remarks.

His statement came as Dr. David Owen, the Foreign Secretary, and Mr. Cyrus Vance, U.S. Secretary of State, prepared to go to Salisbury after talks with Mr. P. Botha, the South African Foreign Minister. They aimed at dissuading him from supporting Rhodesia's internal settlement.

Mr. Botha responded by pledging continuing support for an internationally acceptable settlement in Rhodesia.

• PRICES Secretary is to be asked for a Fair Trading investigation into the operations of Bureaux de Change, which, an MP claims, are offering rates of exchange sometimes 20 per cent. out of line with those quoted by authorised banks.

• COMPANIES receiving aid from the National Enterprise Board should be prevented from contributing funds to the Conservative party or to other political pressure groups, a Labour MP has urged.

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• BNOCS Thistle Field has started to supply oil for the first time, with the first tanker load reaching the Conoco refinery on the Humber. More than a third of the oil processed at the refinery comes from the North Sea, and this is expected to double.

• SPILLER'S bakery staff, to be made redundant by the group's decision to cease baking bread, are to try to buy 35 shops in Norfolk and Suffolk from the company. Page 4

While he declined to advise publicly the leaders of the internal settlement regime, in Salisbury to attend all-party talks on the country's future, his statement is as positive as expected by the Western envoys. Diplomatic sources in Pretoria see the implication as being that the internal settlement fails short of the necessary international recognition for a peaceful settlement.

The Anglo-American team and the Patriotic Front remain far apart on the most fundamental premise of the Anglo Americans.

Discussions earlier in Dar es Salaam with the Patriotic Front centred on the disposition of political and military power in the transition to independence.

The Front conceded that Lord Carver, the British resident commissioner designate, should have

executive power over the police and military, and that there could be a United Nations peace-keeping force during this time.

But these concessions were heavily qualified and conditions that the U.S. and U.K. are most unlikely to meet. These included a demand that the guerrilla forces renounce "active" during the transition, and that the government should be strengthened in favour of the Patriotic Front.

The Front also introduced a major new element, by insisting that its forces should form the basis of the police force. This is well outside the Anglo-American plan.

Britain and the U.S. insist on a political balance between all parties to the Rhodesian dispute in the pre-independence arrangements.

In Salisbury the transitional Government—and not Mr. Smith—has selected the nine-man team of three whites and six blacks to meet Dr. Owen and Mr. Vance to-day. Over the week-end, two of Mr. Smith's colleagues in the Government, Bishop Muzorewa and Rev. Sithole, again condemned plans for an all-party conference.

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Unless South Africa can be persuaded to exert pressure on the new Salisbury administration, it is expected that Mr. Smith and the nationalists will once more pour cold water on an all-party gathering.

Michael Holmes adds from Lazarus: Mr. Joshua Nkomo, joint leader of the Patriotic Front, said on his return from the talks with Dr. Owen and Mr. Vance in Dar es Salaam that "attempts to marry" the Anglo-American settlement terms with the Front's amendments to those proposals were "as difficult as mixing oil and water."

Mr. Nkomo claimed that the Patriotic Front had moved towards the U.S. and U.K. "as far as we could, but the movement was not reciprocated."

More Rhodesia news Page 3

Price Commission expected to sanction bank charge rises

BY MICHAEL BLANDEN

RISES IN bank charges are likely to be sanctioned in a Commission report into looking at other aspects of proposed to be published this week, but important questions may be raised about the structure of the banks' operations.

The report could bring pressure on the banks over the disclosure of their provisions against bad debts, and could suggest other changes, including possibly the payment of interest on current accounts.

The Commission's examination of the banks has been concerned with the charges they levy on customers for the provision of money transmission services.

These cover the handling of cash and cheque transactions and other aspects of the banks' service concerned with the making of payments.

The banks have taken the opportunity to put forward a strong case for higher charges. They have maintained that the rates at present paid by customers fall substantially short in many cases of covering the cost of handling the business, and it is likely that the Commission will accept this point in general.

In conducting its examination of increases in charges proposed by Barclays Bank for certain nationalised industries.

In that report, the Commission said specifically that "we reserve to our examination report our conclusions as to whether, in assessing money transmission services, account should also be taken of interest income."

Another specific point which will be covered is the proposal by the banks to make a charge for holding cash on behalf of customers.

This again arose in relation to the Barclays investigation, and the Commission deferred its conclusions to the report on its broader examination because of the wider issues raised.

Rises in bank overdraft rates are likely this week, after the increase in the Bank of England's Minimum Lending Rate from 6% to 7% per cent. announced in the Budget.

As the money markets fall into line, there will also be continued concern over the performance of the foreign exchange and gilt-edged markets after last week's initial adverse reaction to the Budget measures.

Italian parties in Moro dilemma

By Dominic J. Coyle and Paul Betts

ROME, April 16
ITALY'S MAIN political parties, including the Communists, have been thrown into a state of uncertainty by the ultra-left Red Brigade terrorist group's statement that Sig. Aldo Moro, the former Prime Minister, had been found "guilty" by a so-called peoples' court and "sentenced to death."

The Government, however, has based its forecasts on the achievement of a 7 per cent. earnings rise in 1978-79, with an increase in retail prices of 8 per cent. in the coming year.

ONE OF the most important

mergers yet to have occurred latest in a string of mergers forced on Wall Street by poor Pierce Fenner and Smith's \$50m. trading on Wall Street in the equity and fixed income markets, and Company looks likely to be the target of a Department of Justice Anti-Trust probe.

The largest marriage so far, between Dean Witter and Reynolds Securities creating a new entity at the start of this year, with a capital of around \$150m., is already by far the largest European investment bank.

Leaders of the ruling Christian Democrats and the Communists held emergency meetings here to-day and, although re-affirming that there could be no formal political deal with the terrorists, the emphasis has moved perceptibly towards "using every possible means" on humanitarian grounds" to see Sig. Moro's life.

In recent years, the Government has not challenged any combination in the U.S. securities industry, and those involved in recent mergers have argued that neither should it do so, since the consolidation within the industry results largely from action inspired by the Congress and the Securities and Exchange Commission to stem up competition between brokerage firms.

In Europe, the deal will lead to complicated negotiations over the future of Credit Suisse White Weld, a major European investment bank.

Credit Suisse General management told the Financial Times that the company would now co-operate with Merrill Lynch through Credit Suisse White Weld, but any agreement would depend on Credit Suisse retaining control over CSWW.

Should it prove impossible to reach agreement, Credit Suisse can use its option to buy out the former White Weld holding in CSWW of 30 per cent. Credit Suisse already has 47 per cent.

CSWW is itself an estimated \$15m. richer as a result of the sale to Merrill Lynch of its own 30 per cent. stake in White Weld.

Floating in quasi-independent between its Swiss and American backers, it will want to play more than a passive role in determining its future under the new circumstances.

Last night, its directors were discussing alternative courses of action. The company is one of the top ten managers in the international capital markets.

Mr. John Craven, the deputy chairman of the executive committee of the CSWW holding company, predicted that the new set-up would be clear within a fortnight.

The Christian Democrat leaders, supporting strongly by the main political parties, have insisted that it will not consider seriously such an exchange, although informal contacts are said to have taken place with the Valetan on such a possibility.

It is understood that details of last night's communiqué were given to Pope Paul, who had earlier made a public plea for the release of Sig. Moro, a personal friend for more than 30 years.

Sig. Giulio Andreotti, the Prime Minister, who attended this morning's meeting of the party leadership, also had a private meeting to-day with Sig. Giovanni Leone, President of the Republic.

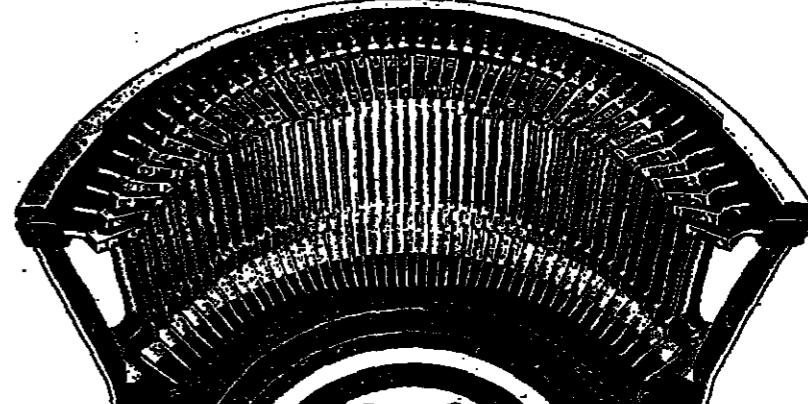
In the past few years, Merrill Lynch has expanded its world investment banking operations and has also created two commercial banks, one based in Panama and the other in London.

The company figures prominently in the international underwriting business. It is the reconciliation of those aims with those of Credit Suisse White Weld and of Credit Suisse itself that is the problem in discussions over the future status of CSWW.

Its present ownership is Credit Suisse 47 per cent., Merrill Lynch 30 per cent., the Ludwig Institute for Cancer Research and CSWW directors, the remainder.



Ball...or bar?



Some wisewords on office typing from Olympia.

The glamorous, prestigious golf ball typewriter. Or the versatile, highly-developed typebar machine. Which should you choose for your business?

Olympia say: get the right one for the job. And Olympia should know.

We produced our first single element, 'ball' machine way back in 1903.

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Today we offer you the widest, most technologically advanced range in both systems to cover every word processing purpose.

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Company _____
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OVERSEAS NEWS

Japan's trade surplus at new record

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, April 16.

CUSTOMS clearance trade figures published by the Ministry of International Trade and Industry on Saturday show that Japan ran a record surplus of \$2.455bn. last month. Exports came to \$8.783bn., up 22.9 per cent. from the same month one year ago, while imports totalled \$6.328bn., down 0.9 per cent. The Customs clearance figures include freight and insurance in the value of imports and thus underline the true size of the surplus. IMF-based figures, which give a more accurate picture, are due to be published tomorrow.

Simultaneously, with the publication of the Customs clearance figures, the Ministry of International Trade and Industry issued further details of a plan to curb exports during the new Japanese fiscal year. The plan has already been extensively discussed, but MITI's Saturday announcement was slightly more concrete than the previous versions. The Ministry said it would call on industry to cut exports of cars, steel, TV sets, and ships to below last year's level. It also promised "guidance" to a range of other industries to prevent undue export increases. The list includes motor-cycles, copying machines, watches, and cameras. A com-

Greek Cypriots call for unity

Greek Cypriot leaders have moved to prevent a split within their community, especially among the 200,000 refugees in the face of the new Turkish proposals which reportedly allow for some of the refugees to return to their homes, writes our Nicosia correspondent. Both the Government of President Spyros Kyprianou and Archbishop Chrysostomos, the Greek Orthodox prelate, have urged the people to remain "united at this critical hour."

The MITI plan does not involve the imposition of statutory export controls on industry, although the Government has the power to do this. (The powers were last exercised in 1972.) MITI has consistently opposed the invocation of statutory restraints during discussions on how to curb exports that have been going on for the past month.

A region-by-region breakdown of Japan's foreign trade (on the basis of customs clearance figures) show that, during the 12 months ending in March, Japan ran a \$8.9bn. trade surplus with the U.S. and a \$4.6bn. surplus with the EEC. Both of these figures were records, as was the overall trade surplus for the period of \$12.9bn. The most rapidly growing Japanese export item during the 12-month period (corresponding to Japan's 1977 fiscal year) was cars. Car exports rose 18.5 per cent. in volume terms to 4.47m. units, and 28 per cent. in Yen terms, to Y3.304bn. Car exports thus overtook steel to become Japan's number one export item.

Catalan autonomy move

BY DAVID GARDNER

BARCELONA, April 16.

THE MOVE towards restoration of Catalan autonomy has made widely seen as decisive in quiet progress with the conclusion of long Government fears of a Left-wing dominated Generalitat. The two-week visit to Madrid of Josep Tarradellas, president after Socialists, Communists of the Generalitat. The and centre-left Nationalists took Generalitat is Catalonia's traditional Government and was re-established by Royal decree last September 29, following negotiations between Sr. Tarradellas and the Government, shortly after the June general elections.

The object of Sr. Tarradellas's visit was to speed up the transfer of administrative power to the autonomous Government, after six months devoted mainly to discussion of the Generalitat's internal workings. In this latter debate, Sr. Tarradellas appears to have won grudging acceptance of the Generalitat's autonomy, though it is not yet clear whether this implies an essentially presidential more than consultative power.

Low Soweto turnout

A Government "new deal" election in the black township of Soweto this weekend drew only 6 per cent. of the electorate to the polls, according to voting figures. Reuter reports from Johannesburg. The low turnout was expected to encourage militant black politicians who had been holding the ballot. It was held to choose a new local council for Soweto, where more than 500 people died in an upheaval of black protest in 1976.

Irish layoffs feared

Some Irish companies are on the point of laying off workers because of the effects of the telecommunications dispute, not in its 11th week, our Dublin correspondent writes. Particularly badly hit are firms specialising in exports, who have found themselves virtually cut off from their customers.

• NEWS ANALYSIS—MERRILL LYNCH AND WHITE WELD

Wall Street's merger wave reaches Europe

BY NICHOLAS COLCHESTER IN LONDON AND JOHN WYLES IN NEW YORK

MERRILL Lynch's purchase of White Weld is the latest in a merger wave which has swept Wall Street for more than a year. This consolidation, which has brought together firms such as Dean Witter and Reynolds Securities, Kuhn Loeb and Lehman Brothers, Loeb Rhoades and Hornblower Weeks, Noyes and Trask, must have been a prime factor in persuading White Weld that its survival in a business dominated by more highly capitalised and diversified firms could be steadily more difficult.

Their call follows reports in opposition newspapers that the Turkish offer should not be rejected since it would permit up to 70,000 of the Greek Cypriot refugees to go back to their homes, especially around the Famagusta area. Both the Government and the Archbishop described the reports as false and misleading, and said they were aimed at causing a rift within the refugee and confusion within the community.

Ethiopian tank force

Ethiopia has moved two large tank columns into areas bordering Eritrea in what guerrilla sources believe to be the first move in a major Soviet and Cuban-backed attempt by Ethiopia to retake Eritrea. Alan Darby reports from Khartoum. Some 5,000 Ethiopian troops with about 120 Soviet and Cuban advisers and 70 Soviet-backed tanks arrived in the capital of Tigre province which borders Eritrea, on April 12, according to the Tigrayan Popular Liberation Front in Khartoum. A force of similar strength has reportedly reached Gondar, capital of Bergemur province, said the TPLF spokesman. Both forces came over from Addis Ababa. The guerrillas expect the Ethiopian to move two tank columns north into Eritrea as the rains begin in mid-June.

This significant development was announced casually in the annual report of the Department of Atomic Energy released on Saturday. It comes in the midst of a conflict between India and the U.S. which is now delaying the supply of enriched uranium.

The U.S. Government is insisting on India signing the Nuclear Non-proliferation Treaty before it can resume supply of enriched uranium for the Tarapur plant, but Mr. Morarji Desai, the Indian Premier, has declined to sign it until all the nuclear nations renounce the use of atomic weapons and destroy the existing nuclear stockpile.

The reprocessing plant, which was completed nearly a year ago, has been uncommissioned until now because the U.S. has refused permission to reprocess spent fuel from the Tarapur plant.

White Weld's European operation was one of the pioneers in the international banking business, in the Eurobond market in the 1960s, and that the company was also having difficulty in holding its 6,000 retail salesmen and an increasingly important international business in brokerage and investment banking which last year accounted for 9.4 per cent of total revenues and 10.1 per cent of net income.

Two and a half years ago White Weld attempted to broaden its traditional underwriting and investment banking base through the purchase of a retail brokerage firm, G. H. Walker Laird and Co. White Weld's first acquisition in 1975 years, G. H. Walker furnished the old Wall Street firm with a new president and chief operating officer, Mr. Frederick S. Wonham. Insiders suspected that this new approach was not going too well and Mr. Wonham's resignation last November, without public explanation, confirmed many in their view that White Weld was still looking for a new role. It is thought that White Weld was losing the race for big corporate clients to Tanly, Merrill Lynch, Goldman

be bringing to Merrill Lynch that in effect recreate the arrangement that CSWW had with White Weld in the U.S. Alternatively, Lynch might hand over the corporate borrower, American Cyanamid, into the market. On the surface, there appears little that White Weld will banking operation to CSWW—1965 and two years later managing the first issue of Eurobond Certificates of Deposit in Citicorp.

Its eminence in the international bond market was reinforced in 1974 when it acquired Credit Suisse as a backer. The big Swiss bank had itself been

planning a major expansion in international investment banking but felt compromised by its new state in CSWW. If

White Weld's new state in CSWW. If

White Weld. So it made

the deal raises a question whether this were the case CSWW might

be sold to buy an investment bank on Wall Street to restore its U.S. connections. Happily

CSWW is "cash rich at the moment because of the 30 per cent plus of White Weld's sur-

plus of White Weld. Credit Suisse has already indicated that it will not be able to hold up its 47 per cent stake in this—its international investment banking arm. The question

is whether Merrill Lynch can devise a formula to buy up its shares from Merrill Lynch, making some provision for the challenge of the

conflict with its own aspirations lodged.

The combination of its expertise, the Swiss bank's place

power and White Weld's Ameri-

can connections has enabled CSWW to stay high

in the Eurobond league table in the face of the

challenge of the issued with suitable banks. In 1977 it took second place only to Deutsche Bank.

New chief of staff for Israel

JERUSALEM, April 16.

BY L. DANIEL

ISRAEL'S ELEVENTH Chief of Staff will be Major-General Yekutiel Adam.

Both the new and the outgoing

Chief of Staff joined the "Pal-

ach"—the fighting arm of the

Haganah—before the State of

Israel was established. Both have

distinguished service records,

having played a prominent part

in all campaigns. But they are

very different personalities.

General Gur, soft-spoken and

highly articulate, likes writing

children's books as a hobby, and

intends to return to university

for further study after a short

lecturing tour in the U.S.

The new deputy Chief-of-Staff

The new chief of staff, 49-year

Pakistani leader on Saudi visit

By Simon Henderson

ISLAMABAD, April 16.

PAKISTAN'S military ruler, General Zia ul-Haq, left today

for Saudi Arabia on a visit seen

as crucial to the eventual

success of the condemned former

Prime Minister, Mr. Z. A. Bhutto.

The visit, the third since General

Zia took over last July, comes

when most Middle East states

have sent appeals for clemency to be shown to Mr. Bhutto.

Saudi Arabia has denied sending

any such message but in

formed foreign sources here say

that Riyadh is very concerned

by the prospect of Mr. Bhutto

being hanged if his appeal

against sentence in a case of

political murder fails. General

Zia is accompanied by a high

powered delegation including

several members of his advisory

council as well as the influential

senior corps commander, General

F. A. Chisti. Observers here

expect King Khalid and Prince

Fahd to inquire in the talks

covering matters of mutual in-

terest General Zia's exact plan-

ning.

Figures: Total registered daily earnings

for bonds and notes, U.S. underwriting basis

for 1977, \$36,000,000,000 per month per month

TALKS on a new long term relationship between Iran and sion and were resumed yesterday.

Unconfirmed reports say the

six-man consortium led by

a managing director of BP Mr.

John Sutcliffe, is prepared to

stay on in Tehran until a final

appointment export figures for the

first quarter of 1978, which are

running below official projec-

tions which undoubtedly reflect official thinking.

Significant progress was reported.

b/d.

There is tacit recognition that

Iran is bargaining at an un-

favourable time when soft

market conditions are expected

to persist for many months.

This is illustrated by the de-

appointing export figures for the

first quarter of 1978, which are

running below official projec-

tions at an average of 4.84m.

b/d.



INDUSTRIAL and MINING DEVELOPMENT BANK of IRAN

¥10,000,000,000

Japanese Yen Bonds—Series A

(1978 / 1988)

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The Bank of Tokyo, Ltd.

Yamaichi Securities Company, Limited

Funds provided by

The Industrial Bank of Japan, Limited

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The Daiwa Bank, Limited

The Meiji Mutual Life Insurance Company

National Federation of Credit Associations

Yamaichi Investment Trust and Management Company

Aichi Mutual Life Insurance Company

The Chuo Trust and Banking Company, Limited

The Fuji Bank, Limited

The Mitsubishi Bank, Limited

The

OVERSEAS NEWS

THE ANGLO-AMERICAN MISSION TO RHODESIA

Searching for compromise

BY TONY HAWKINS IN SALISBURY

ON THE face of it, the mission to Salisbury today of British Foreign Secretary David Owen and U.S. Secretary of State Cyrus Vance seems doomed to failure. The two foreign ministers would like the signatories of the March 3 Salisbury agreement to attend an all-party conference based on the Anglo-American proposals published last September. Yet in the past 24 hours both Bishop Abel Muzorewa and Rev. Ndhahangi Sithole, who with Mr. Ian Smith and Chief Chirau are members of Rhodesia's ruling interim Executive Council, have again turned down these plans.

Rev. Sithole told a rally at the north-eastern town of Sinzwa on Saturday that an all-party conference was "anathema". He said he did not think the British or the Americans understood how Rhodesian blacks felt about the Salisbury agreement: "We signed it with our burning souls and can never unsign it." And Bishop Muzorewa said in an interview that Dr. Owen and Mr. Vance would find that Rhodesians could be "stubborn, firm and uncompromising". The Salisbury agreement was a fact of life, he said.

This tough talk from the domestic nationalist leaders contrasts with the silence of Mr. Smith's Rhodesian Front. Mr. Smith has said very little about the Owen-Vance visit other than to warn at a private meeting last Thursday that the two ministers were not coming to Salisbury to recognise the domestic agreement but to try and impose the Anglo-American plan.

Mr. Smith told his closed door meeting that it was most desirable that Mr. Joshua Nkomo, co-leader with Mr. Robert Mugabe of the external Patriotic Front, returned to Rhodesia and joined in the agreement—though not on a preferential basis but sharing power with the other nationalist leaders. Mr. Sithole and Bishop Muzorewa have made similar appeals, and it is understood that recently a black emissary went to Mr. Nkomo in Lusaka to make precisely this offer.

Mr. Smith's relative silence on the visit has led to some concern, especially in domestic black nationalist circles, that he might contemplate making far greater concessions to Mr. Nkomo than the internal leaders believe desirable. Bishop Muzorewa is very confident of being able to win free elections and therefore only too willing to see Mr. Nkomo, who relies almost exclusively on the 14 per cent Ndebele tribal groupings for his support, contest genuinely free elec-



Rev. Ndhahangi Sithole



Bishop Abel Muzorewa

Ons. What the Bishop and Rev. Sithole cannot accept is the demands of Mr. Nkomo's Patriotic Front, repeated at the Dar es Salaam meeting this weekend, that the army be replaced by the Patriotic Front guerrilla army and that the Patriotic Front should have a disproportionate share of power in any transitional administration.

Taken at face value, the Muzorewa-Sithole statements mean that the Owen-Vance trip is doomed before it starts. However, if Mr. Smith is willing to be more flexible on a number of points it may yet prove possible to patch up some form of compromise on the question of attendance at an all-party conference. But it is very difficult indeed to see compromise going further than that.

The points on which Mr. Smith is believed to be willing to compromise in order to bring Mr. Nkomo into the agreement are:

• The acceptance of Lord Carver, the Resident Commissioner designate, as an independent chairman of the transitional government with no overt executive powers other than the field of law and order. At the same time there would be agreement in Mr. Nkomo and Mr. Robert Mugabe joining the existing executive on equal terms with the other four members.

• The appointment of Lt-Gen. Chand, the special UN representative for Rhodesia, as head of the Rhodesian armed forces during the transitional period, allied with an agreed programme of integrating suitable guerrillas within the existing forces.

• A widening of the existing 18-man Cabinet council to include three Nkomo and, if need be, three Mugabe representatives.

• No presence in any numbers of a UN force, but suitable back-up staff for Lt-Gen. Chand, plus UN or U.K. observers, to ensure fair play at the planned one-man-one-vote elections.

• The Rhodesians would oppose any renegotiation of the plan for a new constitution but they would be willing to submit to certain minor amendments if this was the price that must be paid for Mr. Nkomo's participation.

While such concessions would not be welcomed by the black participants to the Salisbury agreement, they would almost certainly go along with them in return for a ceasefire and Mr. Nkomo's return.

However, observers here believe that these concessions are most unlikely to be regarded as an adequate basis for Anglo-American acceptance of the "structure" of the internal plan. But they might yet be regarded as a basis for the transitional government to send its delegation to a proposed all-party conference.

The transitional Government—and not Mr. Smith himself—has selected the nine-man delegation that will take part in the Owen-Vance talks tomorrow. Reflecting the multi-racial character of the transitional administration (which has a black majority) there will be six black and three white members. Mr. Smith will be accompanied by his Foreign Minister, Mr. Pieter Van Der Byl and his Finance Minister, Mr. David Smith.

The composition of this delegation suggests that the transitional Government will insist on attending any proposed all-party conference as a single team and not as individuals.

MINOR ADJUSTMENTS in Holland's range of export facilities could greatly increase their effectiveness, according to a major export financing bank. This could be done without provoking counter measures from other trading nations and without weakening the commercial principles underpinning export aid. The Export Financiering MiJ (EFM) claimed.

Despite EEC consensus on a uniform approach to export financing, some countries, particularly the U.K. and France, are flexible in their interpretation of these agreements, Dr. W. J. Ford, chief director of the bank, said. Also the German Laender Governments also do not hold strictly to agreements made by the Federal Government.

Other exporting nations, he claimed, get around the blamewritten agreement on export credit by granting mixed credits, and in development aid. Dutch exporters have been urging their Government to do the same.

Holland has set up a "matching fund" of Fls 100m. to allow Dutch exporters to provide the same financing terms as those foreign exporters who go below the consensus levels. The problem is that by the time a foreign exporter reveals he has won a contract with the help of cheaper financing it is too late for the Dutch exporter to match the terms.

Holland has a facility for granting cheaper loans; the Export Financing Arrangement (EFA) which currently has a ceiling of Fls 3.24bn. These funds, which are provided by Dutch commercial banks, currently carry a 6% per cent rate of interest compared with the 7% to 8% per cent rate on government credits. At present however Holland will not allow export credits which are below the internationally agreed rate, so the cheap EFA rate is always increased to the higher government credit level. The link between these two forms of credit should be abolished, allowing Dutch exporters access to the cheaper EFA credits, Dr. Ford said.

An important element of risk insurance is the size of the risk which the exporter carries himself for which there is no international agreement. Countries decide individually on the level and at present the U.K. and France have 15% per cent in Holland. Dutch exporters find the percentage is sometimes increased if the economy of their export market deteriorates while it is higher for exports to countries with weak economies. In EFM's view the percentage should be reduced for the weaker countries. It points out that for an exporter signing several contracts the cumulative own-risk element may be too great.

The Dutch Government is currently drawing up plans to improve export aid.

Spain wins Cuban bus order

BY ROBERT GRAHAM

AMSTERDAM, April 16.

ENASA, the State-controlled mercantile vehicles in Cuba. The new order is expected to take effect next year. Although the company in which the state holding company, INI, has a 67 per cent stake, is experiencing considerable difficulties in maintaining sales in the local Spanish market it is doing well in export sales, especially in Latin America, where 4,000 of its Pegasus com-

CANTON FAIR

Hopes of Chinese buying surge

BY OUR OWN CORRESPONDENT IN HONG KONG

THE SESSION of China's semi-annual Canton Trade Fair, which opened Saturday, may well prove to be the most important for several years. As the first fair since February's national People's Congress, foreign businessmen will be watching closely to see if the Chinese are capable of carrying out the principles of open trade that the Congress enshrined as national policy.

Total transactions at the fair are normally in the \$1bn. range. Traditionally, the majority of this total consists of Chinese exports, particularly textiles, foodstuffs, handicrafts and other light industrial goods. China's major purchases at the fair normally include speciality steels—almost always from Japan and West Germany—and chemical products.

Reflecting China's plans for stepping up iron and steel production to 80m. tons by 1985 one exhibit at this year's fair is reported to be an 840 ton open hearth furnace.

These hopes were given a boost last week when a Communist controlled newspaper in Hong Kong reported that China would step up purchases of advanced technology and equipment at this fair. The reports said that the Chinese will give priority to purchases of items dealing with petroleum, coal power, transport, steel, non-ferrous metals, machine and chemical industries.

Despite this, most veterans do not expect a significant upsurge in Chinese buying. Not only would that constitute a significant reversal in longstanding practice they argue, but Peking's penchant for long and intensive negotiations involving capital equipment effectively rules out any major import deals being concluded during the fair's run by 1985.

With the emphasis of the fair

IDB loans top \$1.8bn.

BY HUGH O'SHAUGHNESSY

MADRID, April 16.

THE Inter-American Development Bank (IDB) approved loans totalling \$1.8bn. last year, a record figure and 18 per cent higher than the previous year's total. This is stated in the Bank's annual report presented to the annual governors' meeting which starts in Vancouver today.

Though the report does not make specific reference to the problem, the Bank is at odds with the U.S. Government on the question of new capital. Washington has sought to condition its new money to the Bank not lending to governments with bad human rights records. The Bank is resisting these conditions.

The Bank reports that its lending policy has been oriented towards the least developed lending went to three countries, Brazil (\$361m.), Argentina (\$318m.), and Mexico (\$257m.). America and last year gave particular emphasis to agriculture and Panama (\$122m.) were more

Saab cars

market share

Figures for the market shares of Saab cars sold in Sweden during the first three months of this year and 1977 were reversed in the report carried in the Financial Times of April 7.

On a market, where total first quarter sales declined by 31.5 per cent compared with the first three months of 1977, Saab sold 6,834 cars against 8,052. This, however, represented an increase (not a decrease as reported) in Saab's market share from 12.3 per cent to 14.78 per cent.

Particularly significant for Saab was that sales of its 90 Combi coupe rose by 454 units to 3,486 during the first three months and for the first time exceeded sales in Sweden of Volvo's 245 estate car.

Two ways to find out why your company needs Ferodo's new ducktile flooring.

This way.

Or the painless way.

As you may have gathered, Ferodo ducktiles are a new kind of safety flooring.

Safety flooring of one kind or another has been around for years, but somehow every other system had faults that made it uneconomic or impractical to offer your employees real safety underfoot.

Now it's different. Now, there are Ferodo ducktiles.

Unlike others, ducktiles are 300 mm square fully interlocking, interference fit, easy-to-lay tiles you can tailor to varying requirements.

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Unlike others, they are easy to clean because ducts channel off waste liquids.

Unlike others, they can have clip-on bevelled edges to provide ramps wherever you need them.

Unlike others, ducktiles not only do a good job. They look good and feel good to stand on too. So you can use them wherever a safer floor is needed.

In other words, when you choose Ferodo's new ducktiles, you're on a very safe bet. For your company. As well as your employees.

To find out more about ducktiles, please contact Joe Perry.

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HOME NEWS

Spillers' bakers want to buy shops

BY RYHS DAVID

By Kevin Done

THREE HUNDRED bakery shop staff, to be made redundant as a result of Spillers' decision to pull out of bread-making, will try to buy shops from the company.

The staff work for the Matthe chain of 35 bakery shops in Norfolk and Suffolk, taken over by the Spillers Group five years ago.

Mr. Frank Pye, Matthe area manager, said yesterday that the shops were "viable going concerns and our customers have been imploring us to do something to make sure that they are retained."

A petition signed by the staff was handed to Mr. Keith Stainton, Conservative MP for Sudbury and Woodbridge, at the week-end. It deplores Spillers' hasty decision to shut the shops within two weeks, saying that this would salvage a profitable and labour-intensive operation.

Mr. Stainton will seek a meeting to-day with Mr. Michael Veron, chairman of Spillers.

He said yesterday: "If the company agrees in principle that long-serving employees should be given first refusal when the shops are disposed of, proper financing arrangements can then be considered."

He hopes for the support of Mr. John Silkin, the Minister of Agriculture, whose Department is the sponsoring Ministry for the scheme.

Mr. Pye said: "Our people are prepared to put in their own money to make sure everything will be a success. We feel we would be acting in the best interests of the communities we serve by continuing the businesses."

BRITAIN WAS almost in balance in its textile and clothing trade as high as the surplus the sector was able to earn in 1971, when there was a £191m. surplus at sterling values then prevailing.

The figures published by the Textiles Statistics Bureau in Manchester show that the industry, even before the signing at the end of the year of the latest round of the GATT multi-fibre arrangement governing world textile trade was faring better against overseas competition.

But other figures relating to the industry's performance last year — particularly the last quarter — offer less comfort.

With the recession still making itself felt around the world, British textile industry activity in the final quarter was down 5 per cent on the same period the year earlier, with the industry's fibre consumption 14 per cent down.

Output figures for the rest of the year, however, show a slight increase in consumer spending on clothing, signs of which have been apparent for some time.

Against the trend generally in the second half of last year

output by man-made fibre producers was down 8 per cent.

A further boost is expected in January and February on the

because of the increases in take-up of the textile Budget.

U.K. TRADE IN TEXTILES AND CLOTHING

	1973	1974	1975	1976	1977
IMPORTS	£m.	£m.	£m.	£m.	£m.
Textiles	556	750	732	975	1,196
Clothing	333	402	505	683	767
EXPORTS					
Textiles	707	892	828	1,110	1,359
Clothing	179	230	265	412	598
TRADE BALANCE					
Textiles	+151	+141	+96	+135	+162
Clothing	-154	-172	-240	-271	-168
TOTAL	-3	-31	-144	-136	-6

production were both down on 1977 levels.

The industry is placing its hopes for the rest of 1978 on increased consumer spending on clothing, signs of which have been apparent for some time.

Against the trend generally in the second half of last year

output by man-made fibre producers was down 8 per cent.

A further boost is expected in January and February on the

because of the increases in take-up of the textile Budget.

There is concern, too, that the stronger pound may also make exporting more difficult this year.

Warnings have already been given by Yorkshire's wool-textile manufacturers.

Stocks at retail level are thought to be relatively low so it is hoped, increased demand will result in a rise in ordering from textile suppliers.

The danger remains that stronger home demand could be fuelled by imports, despite new controls now in operation.

The fellowship will form part of the Society's scheme of establishing small research groups to aid young scientists hit by present cuts in university science departments.

THE ESSO Petroleum Company is to contribute to the setting-up of a Royal Society ESSO Research Fellowship in physical and applied sciences.

The fellowship will form part of the Society's scheme of establishing small research groups to aid young scientists hit by present cuts in university science departments.

Workers who stated they normally voted Labour rejected the party's proposals and 20 per cent nationally plan by 71 per cent positively supported them.

Opposition to nationalisation of the industry, employing nearly 2m. people, was stronger among those working in the two sectors of the industry, with 85 per cent, 73 per cent said it would be less against, 3 per cent, undecided, efficient and 77 per cent less profitable.

Only 12 per cent were in and 12 per cent supporting.

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Chrysler to launch objection upsets vehicle borough's delegates

By Anthony Moreton, Regional Affairs Editor

THE PRIME MINISTER has upset an all-party delegation of councillors and officials from Sunderland by refusing to meet them to discuss the town's economic problems.

Mr. Callaghan told Councillor Len Harper, leader of the council, last week that a meeting would create a precedent.

But two days afterwards, Liverpool council received a letter saying he would discuss the Merseyside city's unemployment problems with its delegation.

Sunderland will now have to be content with seeing three Cabinet Ministers and Mrs. Margaret Thatcher.

Mr. Harper questioned whether the Prime Minister considered Liverpool's unemployment problems to be greater than Sunderland's. "While Mr. Callaghan can't perform miracles, we feel that acceptance of our delegation would be recognition of the seriousness of our situation."

Studies

Sunderland now has about 14 per cent unemployment, compared with about 12 per cent in Liverpool.

The borough's studies show that a pick-up in economic activity benefits Liverpool, Irvine and the new town of the west of Scotland—and Sunderland, last

The council has drawn up a long report on the local economy looking at two main aspects: general industry and the port. The Prime Minister still refuses to see them during his three-day visit. Mr. Harper plans to go to Downing Street and hand in the report.

The report urges more attention to small firms, especially the very small, two- and three-man firm, where the need for venture capital is greatest. It also calls for an extension of development area status.

Sunderland is in a special development area, where government grants are slightly higher than in development areas. It wants a further category designated, where grants would be higher.

HOME NEWS

Engineers' body has registration plan

BY DAVID CHURCHILL

THE COUNCIL for Engineering Institutions, the umbrella body representing 320,000 British professional engineers, has decided not to support the creation of a new licensing body for engineers accountable to Parliament.

In unpublished evidence to the Finsen Inquiry into the engineering profession, the council argues the case that it should itself be allowed to become the main organisation through which registration is administered, rather than any specially created body.

This view is being strongly contested by one of the council's main member institutions—the Institution of Electrical Engineers. In its evidence, submitted separately to the Finsen Inquiry, this group supported state registration and licensing to regulate the engineering profession in a way similar to other U.K. professions.

State registration means that engineers would have their standards of qualification and roles of professional conduct set

and administered by a publicly accountable body created by Act of Parliament.

The electrical engineers' institution is to hold a special meeting in London next week to

Such a registration procedure, it argues, would maintain and enforce a code of conduct for the protection of the public and also ensure that engineers belonged to a qualifying chartered institution.

The council believes that formal statutory recognition of its role as a registration body by the Government would have the advantage of establishing engineers' credibility, especially in overseas work.

It would also help establish in the public's mind the distinction between the professionally qualified chartered engineer and the general worker in industry.

The attitude taken by the umbrella organisation, however, reflects the concern among a number of small member institutions that new outside body could threaten their existence.

In its evidence, the council points out that if it already sets up a common register covering essential information about engineers, it believes that this form of registration is an efficient, economical and satisfactory method to use.

More Home News, Page 9

Page 9

discuss the licensing systems of Canada, the U.S. and South Africa to see whether such systems could be applied to the U.K.

The attitude taken by the general worker in industry.

The electrical engineers, however, maintain that an independent registration authority, coupled with licensing, would be considerably more effective in enhancing the status of professional engineers.

They would like to see a statutory body set up composed mainly of professional engineers acting in a personal capacity on behalf of the whole profession.

Sixty-three per cent said they would vote for the Government devolution proposals in the referendum.

Scots poll gives lead to Labour

By Philip Rawstorne

LABOUR would hold all its 41 seats in Scotland in an immediate General Election, an opinion poll suggested yesterday.

The poll by MORI for the television programme Weekend World, indicated that Conservatives would retain six seats lost to Scottish Nationalists in 1974 and capture one from the Liberals.

Support for the Nationalists was waning, according to the poll. But the party was still expected to retain a major influence on Government policy in Scotland.

Of those interviewed 41 per cent said they would vote Labour in the General Election, 20 per cent Tory, 21 per cent SNP, and only 2 per cent Liberal.

On virtually all major political issues Labour has established a substantial popular lead, the poll shows.

Sixty-three per cent said they would vote for the Government devolution proposals in the referendum.

"Frankly, there's not a single reason why we advertise in Radio Times."

Frank Abramson, Retail Marketing Manager, W. H. Smith & Son Limited.

That was the riposte Frank Abramson gave us when we recently popped the question:

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"After all, everyone's a potential customer to us."

"That's why we go out of our way to carpet our shops, light them attractively, make them a browser's home from home."

"And hopefully you've noticed how our staff are friendly but professional. They know their products. And they also know when to help you and when to leave you alone."

"Also," he added, having a dig, "as you never tire of telling us, you've more ABC1 readers than any other magazine or newspaper."

"What's more," he went on, ticking off his fingers, "the highest proportion (22% I think) of your readers is in the 15-24 age group, which is an important part of our target group."

"Do you want me to go on?" he said, looking at his watch.

Please, we replied.

"Okay," he muttered "Most of our customers are women. But men are, naturally, also important. So, indeed, are children."

"We're nothing if not a family shop. And you're nothing if not a family magazine. Also you give people plenty of time to see and consider our ads (what's your phrase: you stay in the home nine days including two shopping weekends?)."

"Furthermore, the fact you publish thirteen regional editions gives us flexibility."

"Finally," he said (stressing the word) as well as newspapers and magazines, "we're largely in books and records, the reading and listening market, if you like."

"And," he added, standing up "so are you. Which means your editorial is in sympathy with our ads."

Door knob-in-hand, he summed up:

"You give us the numbers, you give us the nine day stay in the home, (you give us grey hairs with your copy dates, but they're shorter than most magazines), you give us regional flexibility."

"In short, you give us what we want."

"Besides which," he called from the lift, "you're always a prime recommendation from our advertising agency, D'Arcy-MacManus & Masius Limited."

"And when one of the leading agencies in the country speaks, we listen!"



This advertisement is one of an occasional series of case histories from Radio Times. For further information contact Head of Advertising Department, BPC Publications, 35 Marylebone High Street, London W1M 4AA. Telephone: 01-580 5577.

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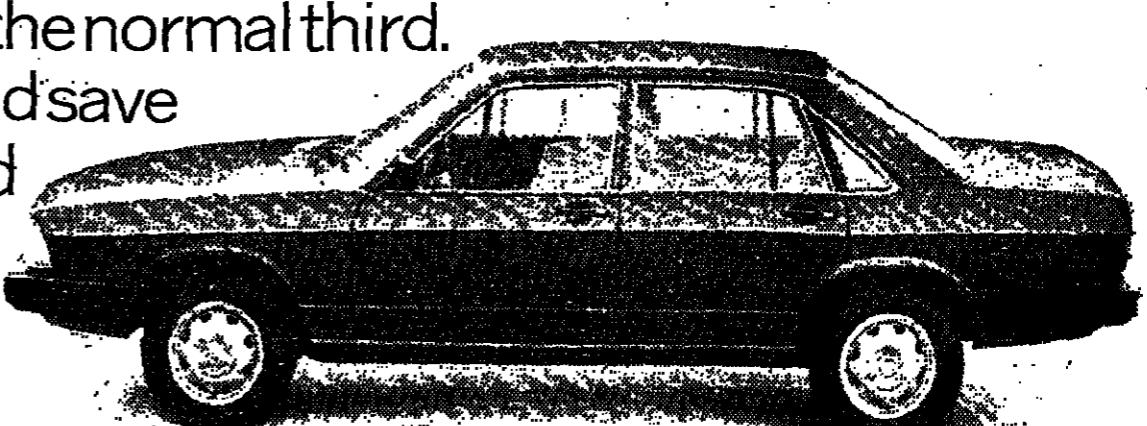
He has two pieces of valuable information for you.

First, that we can give you a loan to buy a brand new Audi 100 or Audi 80 at just 3%* interest. (That's over 50% less than even the kindest Bank Manager is likely to charge.)

Second, that if it's a business purchase you need only pay him a 20% deposit, instead of the normal third.

The first of these changes could save you up to £536*. The second could make your deposit £744 smaller.

Have you ever needed so little money to buy so much car?



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The Queen's Awards for Export and Technology are the highest accolades that can be bestowed on a British company. It means that the company receiving such an award has made an extremely valuable contribution towards Britain's economic recovery.

The Financial Times is proud to have received The Queen's Award on two previous occasions itself. When the awards are announced on April 21 we will be giving the same extensive coverage to the announcement as we have in the past.

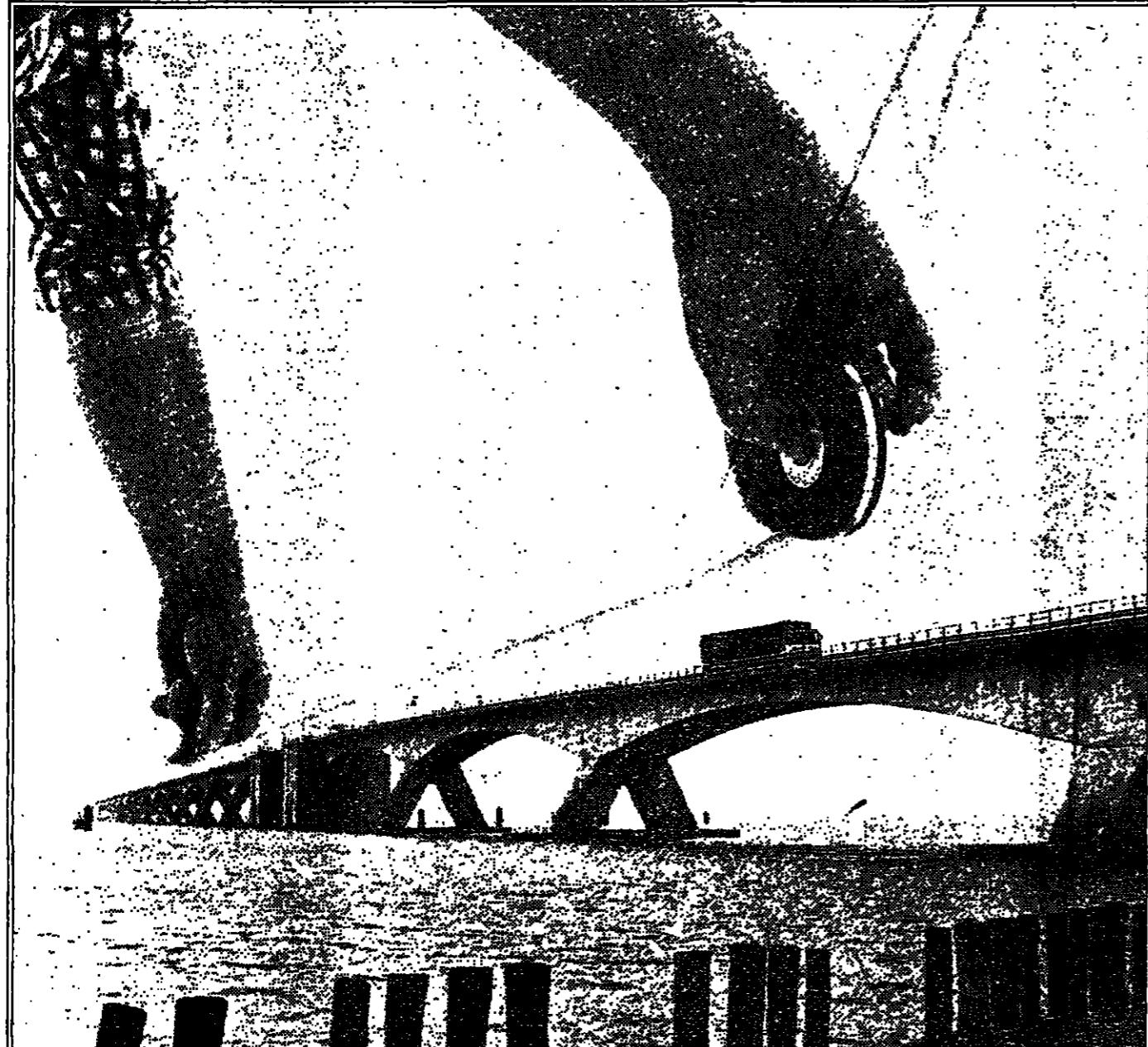
The Financial Times, with its influential worldwide readership, will therefore be of great value to the recipients in publicising their company's achievements.

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Building a bridge? Let Stevin lend you a helping hand.

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Years of international experience. With all specialists and technical know-how available. Any time. Any place in the world.

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one who asks: "Why not bring in Stevin?" Giants at home. Growing abroad.

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Roads and Asphalt
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Housing and Construction

The turnover in 1977 amounts to \$ 750 million, of which about 60% has been realized abroad. Stevin has offices in: The Netherlands, U.K., Belgium, W. Germany, France, Antilles, Brazil, Algeria, Gabon, Nigeria, Saudi Arabia, Bahrain, Qatar, U.A.E. Emirates, Oman, Malaysia, Indonesia and Australia.

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LABOUR NEWS

PHILIP BASSETT DISCUSSES THE DEBATE ON WORKERS' CONTROL

A long-term future

MR. HUGH SCANLON, president of the Amalgamated Union of Engineering Workers, said in 1968 in the first pamphlet marking the birth of the Institute for Workers' Control that shop stewards' interest in the introduction of new machines or output levels as well as wages and hours was a "radical move away from the defensive mentality of the past".

It is a measure of how far the concept of workers' control has come that 10 years later, 2,000 workers at British Leyland's Speke car plant in Liverpool should undertake a bitter 16-week strike on exactly the issue of the introduction of new output levels.

The twelfth conference of the Institute for Workers' Control which took place at Sheffield University at the weekend marked the movement's tenth anniversary.

The institute was set up in April 1968 as an uneasy alliance of workers and academics in a direct response to a growing need among workers to have more say in their jobs. Its aims remain simple: workers' control of the means of production, ownership and exchange.

Since then it has developed, through concepts like shop stewards' combined committees and the principle of opening companies' books, into a kind of workers' equivalent of the Government think tank.

Delegates may not be going back to work to-day to put ideas heard at the conference straight

into practice, but in another 10 years' time this weekend's "radical moves" may be the norm.

The institute, though small - with some 400 direct members - is a remarkably cohesive body for an organisation that mirrors the classic tension of the Labour Party between intellectuals and workers.

It has survived take-over bids by the extreme Left and attacks from the extreme Right.

But a split exists in its ranks, between those who believe in worker-participation and those who believe in workers' control.

Participation is seen by its critics as workers being invited to management Board rooms to be told there what is going on rather than on the shop floor.

The Leyland commitment to participation, for example, was attacked at the conference as a management idea dispensed with when it came to the Speke closure.

But its supporters pointed out that Leyland stewards had far more knowledge of company proposals than, say, their counterparts in Ford would have done.

Worker control, in the form of the Lucas or Vickers standard combines, for example, where workers have in their plants control of their own work and products, is the aim of the movement.

A deeper split than this exists outside the movement, illustrated at its most extreme by Mr. Arthur Scargill, the Yorkshire president of the National Union of Mineworkers.

He told the conference delegates on Saturday that workers' control was "the academic's

dream of Utopia and the apologetics road to Socialism".

This was because, while control in the form of combined committees, for example, from managements, which see them as a fundamental political challenge to the way industry operates, and to company Boards. It is suspected, in any case, if the report could quickly end in the Government's water-pot basins.

The institute's future is likely to be one of shorter achievements than longer results.

But it is facing up to present unemployment by joining forces with community action groups to decide how best to fight for the right work.

There is support for the institute. Mr. Moss Evans, its general secretary of the TGWU, said in a message to the conference that more positive involvement of union representatives in corporate planning was needed.

Combines, though, are long-term projects. Great things are hoped for by the institute from the Vickers combine. But after six years' hard work making a strong, well-run organisation, the Lucas combine was told last month that 1,700 jobs were to go on Merseyside.

The institute is an organisation which knows its effects can only be long term. The Bullock report hoped not to the exploitation of man by man, but to simple administration by free men in material abundance.

More than a century earlier William Morris put it in a phrase used at the conference watchword: "No man is good enough to be another man's master." The institute has succeeded in giving that old idea new and ingenious form.

Long-term

TGWU line operators at Dagenham may know what their opposite number at Halewood are doing through the union, but only through a Ford combine could all the workers at both plants act together if necessary.

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Swan Hunter clerks seek pay increase

THE PAY AGREEMENT which Swan Hunter hoped would end inter-union rivalry at its five Tyneside shipyards has encountered new friction. Draughtsmen and clerical workers have submitted a claim to be included in the agreement, which gives craftsmen £53 and ancillary workers £71 a week.

They say the deal, approved by the Government three days ago, leaves them £12 a week behind boilermakers and outfitting trades.

These will include parents,

staff and departmental meetings,

speech evenings and governors' meetings.

Mr. Terry Casey, general

Teachers threaten new contract sanctions

A SERIES of sanctions was threatened yesterday by the National Association of Schoolmasters / Union of Women Teachers, the second largest teacher union, in a contracts dispute with the local authorities.

The new move by the union represents a tougher line in its dispute with the local authorities as to what part of the teachers' day represents a contractual obligation and what are voluntary activities.

A week-end meeting of its executive decided that from May 8 its 100,000 members will be instructed to stop carrying out voluntary after-school activities.

The union has been trying to get each of the 104 local education authorities in England and Wales to give a written undertaking that after-school activities by teachers are purely voluntary.

secretary of the union, made it clear that school meals and voluntary activities organised by the teachers themselves will not be affected. This includes intersports or club activities.

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Pit rescue men demand better bonus

By Our Sheffield Correspondent

PIT RESCUE brigades in Yorkshire, the National Coal Board's biggest coalfield, are disgruntled with their bonus allocation.

They claim that it is similar to that earned by typists, about 40 per cent. of the area's average pay. If the offer is not improved, they threaten to call on the field's 65,000 miners to take action.

Mr. Arthur Scargill, the leader, said yesterday that he hoped to negotiate on their behalf.

This week in Parliament

TO-DAY

COMMONS — Conclusion of Budget debate. Judicature (Northern Ireland) Bill (Lords), second reading.

LORDS — Debate on preserving the Ridgeway. Debate on problems of widows. Short debate on review of Children and Young Persons Act.

SELECT COMMITTEES — Expenditure: General Sub-committee. Subject: Central Office of Information. Witnesses: Advisory Committee on Advertising. (4.15 p.m. Room 8.)

Expenditure: Education, Arts and Home Office Sub-committee. Subject: Provision for museums and libraries. Witnesses: Department of Education and Science. (4.15 p.m. Room 13.)

OVERSEAS DEVELOPMENT: Renegotiation of Lomé Convention. Witness: Mr. Leslie Hockfield, Under-Secretary for Industry. (4.30 p.m. Room 16.)

Public Accounts. Subjects: Job Creation and General Butter Subsidy. Witnesses: Department of Employment, Manpower Services Commission, Intervention Board for Agricultural Produce. (5 p.m. Room 16.)

TO-MORROW

COMMONS — Wales Bill, committee stage.

LORDS — Scotland Bill, committee stage. Housing (Financial Provisions) Bill, report stage.

COUNCIL (10.45 a.m. Room 8)

Expenditure: Social Services. Subject: Effects on ED members of race relation and immigration. Witnesses: Home Office officials. (4.30 p.m. Room 14.)

Expenditure: Environment. Sub-committee. Subject: Response to White Paper on the Civil Service. Witness: Lord Pearl. (4.00 p.m. Room 6.)

WEDNESDAY

COMMONS — Wales Bill, committee stage.

LORDS — Scotland Bill, committee stage. Import of Live Fish Bill, report stage. Aviation Security Fund Regulations 1978.

SELECT COMMITTEES — Nationalised Industries. Sub-committee B. Subject: The electricity supply industry, reorganisation. Witnesses: Electricity

Council. (10.45 a.m. Room 8)

Expenditure: Social Services. Subject: Effects on ED members of race relation and immigration. Witnesses: Home Office officials. (4.30 p.m. Room 14.)

Expenditure: Environment. Sub-committee. Subject: Planning procedures. Witness: Mr. Reg Prentiss, Housing Minister. (4.00 p.m. Room 5.)

THURSDAY

COMMONS — Supply day debate on National Health Service Medical Bill (Lords) remaining states.

LORDS — Debate on defence White Paper. (4.00 p.m. Room 5.)

FRIDAY

COMMONS — Private member's Bill.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Welds are kept to right track

WORK CARRIED out in Germany on behalf of the big Swedish welding specialist group ESAB has led to the development of an electronic method of continuous control of the tracking of welding heads on MAG and MAG machines.

Far superior to earlier methods which relied on mechanical feelers to ensure correct line-following, the new equipment relies on the arc itself as the sensor to maintain correct tracking of the electrode along the joint.

Any variations in the breadth, length or other dimensions of the arc from the correct parameters are immediately sensed and the differences translated into commands to two control motors.

These apply the appropriate adjustments to bring the arc back to where it should be through a pair of worm-driven slides which carry the welding head.

The method is now fully

established for inert gas and argon gas welding. It is being extended to TIG and submerged arc and is expected to be available on such equipment in six months.

A further development will take in three-dimensional movement.

In the meantime, equipment has been installed, and is performing very satisfactorily in Germany on large tanks and Research of London.

The spectrometer, OAS400, makes use of the discovery almost a century ago of the opto-acoustic effect by Alexander Graham Bell. The instrument is believed to be the first major exploitation of the effect in a commercial unit that will look at almost any kind of substance.

The £35,000 development has been 70 per cent backed by NRD and the work carried out by a team led by Dr. G. Kirkbright of Imperial College.

The system was shown for the

first time earlier this month in New Orleans.

ESAB is now working with the Volkswagen group to improve tolerances in automatic welding set-ups and it is proposed to combine ASEA/ESAB robots with the welding arc follower, for areas where gas welding is required.

Further information from ESAB, Box 8880, S402 Göttingen 8, Sweden.

INSTRUMENTS

Aids examination of difficult specimens

SUBSTANCES which do not readily lend themselves to analysis by conventional methods of absorption and reflection spectrometry — opaque smears, creams and rough or irregular solids are good examples — can be satisfactorily dealt with by a new instrument made by EDT of Research of London.

The spectrometer, OAS400, offers particular advantages when very long weld runs need to be made and cuts the time required for manual welding by a factor of four. Where thin and thick plate are to be joined, the system will allow for a fixed, appropriate offset of the arc.

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Further information from ESAB, Box 8880, S402 Göttingen 8, Sweden.

COMPUTERS

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Centres, the main problem finding somewhere to put the reducing the chances of any two machine, old or new, until the finding it at the same time.

Occupancy will be limited to scheme, arranged along the lines of payable. However, a sur-

charge will become due for the participants pay an annual pre-

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agreed sum in the event of a

disaster, an entitlement to make use of the accommodation, it must be vacated.

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is will be limited to 25 subscribers,

APPOINTMENTS

Guinness Park Royal managing director

Mr. M. R. Hatfield has been senior vice president the following year. As executive vice president, Mr. Savage retains responsibility for the commercial banking network activities of AEBC and its subsidiaries in their 63 locations around the world.

Mr. C. J. Spence has been appointed a director of the ENGLISH ASSOCIATION OF AMERICAN BOND AND SHARE HOLDERS.

London-born Mr. Robert A. Savage has been elected executive vice president and Mr. C. C. Chin has been elected senior vice president of AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION.

Mr. Savage joined the London branch of AEBC, a wholly owned subsidiary of American Express Company, in 1968 as principal private banker. In 1971 he was elected vice president with worldwide responsibilities for foreign exchange and money management. He was assigned to New York in 1973 and was elected

Vice-president in Mr. Malcolm PRICES, the company owned jointly by National Enterprise Fifer, and Mr. Jerrold Goodman Board, Commercial Union Assurance, Orion Bank and London Trust, and which recently made a successful bid for Allied Investments.

Mr. W. A. Cavender has joined CYBERNET TIME SHARING as managing director from Honeywell Network Information Systems where he was sales and marketing director.

Mr. F. K. Bleasdale has been appointed an assistant general manager (international) MIDLAND BANK from May 1. He joins Midland from the Esso Petroleum Company.

Mr. J. Simpson, Mr. D. C. Wake and Mr. R. J. Martin have been re-elected a vice-chairman and the other vice-chairman for a limited period. Mr. Derek Brabury continues as honorary treasurer.

Mr. Gerry Harriett has been elected president of the GRAPHIC REPRODUCTION FEDERATION.

Mr. D. H. Jones, Mr. E. A. McSwiney and Mr. M. S. Rosenberg have been appointed executive directors on the Board of UNITED MEDICAL ENTER-

New credit details out soon

By Michael Blanden

MORE DETAILED figures on the amount and pattern of instalment credit business in the U.K. are to be published soon by the Department of Trade, according to Credit, the journal of the Finance Houses' Association.

Mr. M. J. Erritt, a chief statistician at the Department, reports that the improved information will result from a revised form of inquiry to be introduced in July.

Its emphasis would be on consumer credit transactions. This was aimed at enabling the authorities "to monitor more effectively the trends of business under agreements regulated by the 1974 Consumer Credit Act."

The provisions of this Act were being introduced in stages and would bring a big improvement in the protection offered to consumer borrowers. The new statistics were geared to this.

Rental receipts would be covered for the first time and contributors — who are to be more representative of the consumer credit industry — would be asked questions specifically about running account credit. Figures on repayments would also be required.

• HANDLING

Multi-ton cranes cost less

£12m. to be spent on creating new jobs in South Wales

A £12m. package of Government measures to provide new jobs in the Blaenau-Gwent area of South Wales was announced at the weekend by Mr. John Morris, Welsh Secretary. He said that after the ending of steelmaking at Ebbw Vale works next month it had been decided to invest £12m. on new factories and sites.

Up to £8m. would be allocated to the Welsh Development Agency in 1978-79 for accelerating development of the Rassau Industrial Estate, and a programme to provide 450,000 square feet of factory space in the area would begin.

The investment initially would provide up to 900 jobs with the prospect of double that number eventually. It would bring much needed work for the construction industry in the area.

The Government was determined that every help should be given to the industrialist seeking to move to the Ebbw Vale area or expand business there, said Mr. Morris.

The task of finding new jobs was "daunting" and good communications were vital. He hoped it would be possible to bring forward a plan for a bypass between Roger Stone and Risca, in Gwent.

Mr. Ian Gray, managing director of the Welsh Development Agency, said: "We have already done a great deal of ground work

The facts about Canada

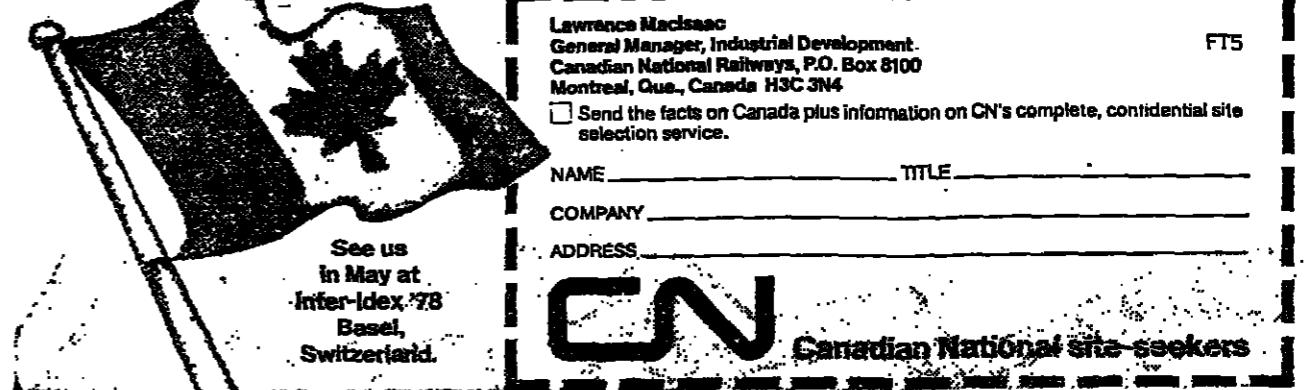
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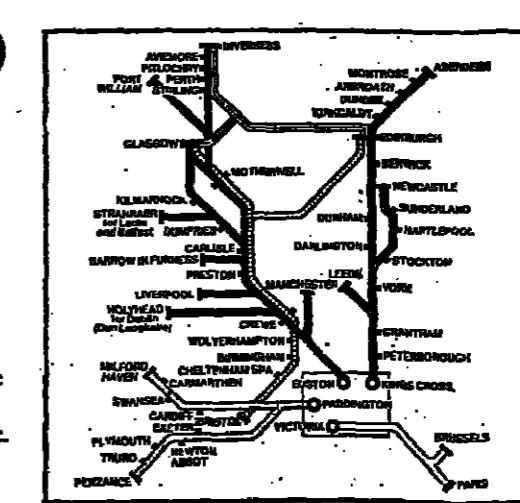
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Inter-City

Have a good trip.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

WHEN OVER 500 of Europe's chairmen and chief executives spend more than a week together in a plush Swiss ski resort, they risk sending their desk-bound minions either green with envy or red with abuse.

When only a tiny minority of the favoured 500 chose to go on to the ski-slopes, instead of crowding into a subterranean conference hall to hear famous names discuss the need for better product innovation, and the future "plutonium economy," the reaction becomes more confused. All right, they have not come just for the ride. But why are they there? Is it worth the £1,500 a head, plus travel, hotel and food, which in almost every case their companies will have stumped up for them?

In an extreme form, these questions about the European Management Forum's 1978 Davos Symposium epitomise doubts about the real value of the plethora of less expensive and more exclusive "briefings," "seminars" and "conferences" on non-specialised topics which are held almost weekly across Europe.

There was certainly little doubt in the minds of the top brass at Davos this year that their businesses would benefit from various aspects of the action-packed conference. But some of their reasons for attending betrayed an alarming ignorance of the environment in which their businesses are operating, an attitude which can only augur ill for their future.

Take the senior Italian executive who, in all seriousness, asked the nuclear experts on the platform to get together and produce an agreed forecast for energy supply and demand in the 1980s.

Why, in this day and age, did he need to be told how difficult it has become to make accurate predictions of any sort? Had he never heard the sort of admission, all-too-common nowadays, that "within the past nine months, forecasts of average demand growth have ranged between zero and 8 per cent." (This particular one was made



Learning deft footwork for use in the Boardroom, or just a pleasant escape from reality?

at the European Petrochemical Association's last annual get-together—in a beauty spot to rival Davos, the city of Venice.)

Take the enthusiastic reaction at Davos by the Swedish manager who told a discussion group that, in his experience, "the bigger the workplace, the more problems arise. If you split things up into small groups, you help create identity and stability. And the workers react better if they're told what's going on." Surely such statements of the obvious should have provoked yawns, rather than animated discussion.

Unfortunate

To judge from a straw poll I took of about 30 participants, from eight countries, there are three main reasons why top managers are so ignorant of trends in the outside world. First, the top brass read far too few general magazines and newspapers. Second, most people, even those with years of experience on their way to the top, comprehend the written word far less readily than the spoken. Third, there is an unfortunate, though understandable, unwillingness to take notice of uncomfortable events or ideas which upset established ways of seeing and doing

and cuts out a selection of what industry a blow from time finds it difficult fully to understand which is only now recovering.

This misses the point. What many of the businessmen at Davos seem not to have noticed in their reading over previous months and years were the "early warning" signs—indicators of developing trends which would affect their businesses, perhaps not immediately, but within the medium- or long-term planning horizon.

No cuttings service can replace the top manager's judgment or intuition for what is relevant to him. The cuttings service of, say, a Swiss watch manufacturer would presumably have picked up every development in the traditional industry. But would it, until the past few years, have realised the potential significance of reports about the latest advances in microelectronics in California? Yet these advances dealt the

industry a blow from time finds it difficult fully to understand which is only now recovering.

Less obvious, but perhaps of more importance, are the for most of their working day,

even more indirect indicators a lot alone material on issues company chief may pick up which are not utterly familiar from an article which at first sight appears totally irrelevant.

But even for the less mentally analogous issue in another lazy, speeches and person-to-person discussion are generally more "plastic" than the written word. The Davos conference provides the particularly valuable service of pitting one extreme against another—Franz Josef Strauss against the Dutch Socialist leader, Joop van den Uyl, representatives of the Japanese and U.S. views on trade—so that even the laziest person is forced to think. Few

answers are provided, a considerable advance on the average newspaper or journal, which often provides only one point of view, and a biased one at that.

The most hard-hitting explanation of why top business-

long as the annual Davos symposium.

The German engineering boss may be unusually widely read, but he returns to Davos year after year. It gives him the chance to think in peace, he says, away from hourly pressures and interruptions. He values the small group discussions as a regular way of checking his corporate strategy against other people's, in both similar and entirely different businesses, and in a wide range of countries: can he go on spending most of his profit on anti-cyclical investment in marketing? Should he alter his marketing approach? What should he do when the "big crash" comes—as he insists it will?

Like many other participants, he also makes specific business contacts in the corridors and mountain-top restaurants. The organisers claim that the foundation has been laid for many a business deal at the conference over the years. In 1977 a jeans factory was sold to Bolivia. Before that, a chance meeting is reputed to have led to Iran's purchase of the European Airline. To quote one company chairman: "If my junior sales staff go to Majorca each year to plan their next campaign, why should I come to the mountains? I want to do is create such uncomfortable instability around him."

Lest all this seems to suggest that top level briefings and conferences would be a waste of time, if only executives did their jobs properly, it is important to recognise the value of all those who recharge my intellectual batteries—and maybe do some are made at an event lasting as business on the side?"

Why top managers are blind to the outside world

BY CHRISTOPHER LORENZ

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

The Traveller's tale... divorce?

SOME remarkable figures concerning the effect upon managers of overseas business trips by husbands have been published by British Airways. No fewer than 50 per cent of the executives sampled blame domestic discordance, including divorce, upon such adventures.

At first sight this appears to be damaging publicity: careful consideration will see a clever and subtle drift.

Whether the figures are accurate or not, nobody could disagree that the contention could well be correct; but generalisations are dangerous and should be examined with care.

The stress occasioned among the wives of the peripatetic executive may be very considerable, depending on circumstances. If stress does not only may the wife feel desperately lost but has an unhappy notion that the wretched man is, in some odd way, to blame for being so callous and lacking in foresight.

If a young man in a lowly executive position, recently married and apparently never likely to move from a desk—and so keeping regular hours—suddenly receives rapid promotion which leads to overseas business trips, much danger may exist. The young wife, who never bargained for sudden, long partings, may well feel lonely.

Suddenly everything has changed: new responsibilities, business meetings, however, fall on her and she may well this is evidently difficult. And feel frustrated and abandoned, in much later life, so long as Likewise, the husband, torn between his love for his wife and is involved in valuable voluntary organisations, the husband's absences may be hardly noticed. Indeed, I know one he goes, it may be economically impossible to take his wife with him.

Always the unfortunate woman says (or merely thinks): "Why should he keep going off and enjoying himself?" If the

wretched man's journeys are certainly essential, and all that he is going to enjoy are airport lounges, sunny Stuttgart, dull meetings, and more airports, then the strain of the operation is made far worse by domestic acrimony. True again that there are some philanderers who give real cause for jealousy; but such men never change and are as tiresome in Tottenham as in Tunisia.

If firms, particularly large enterprises, would consider special programmes are pro-



... his children wonder who he is...

some wives, which reflects badly upon the husband's efficiency, wives, and arrange for social occasions by overseas assignments. Finding solutions is not lonely wives, having understood easy. But there are ways in what the objects of travel which the matter may be eased to be, would gain a greater by thoughtful management. And if occasionally the firm would pay for their man and his wife to travel together, life would be far less stressful and thus more successful than it tends to be.

If firms, particularly large enterprises, would consider special programmes are pro-

and British Airways would be very pleased.

'Provident Mutual's performance in 1977 was conspicuously above the industry average.'

Extract from the Chairman's statement—Mr. David L. M. Robertson.

"The constraint of the Government's Incomes Policy and rising prices further depressed real incomes during 1977. The growth of new life assurance premiums for the insurance industry as a whole was limited to 6 per cent of the 1976 figure which emphasises the reduction in real value of disposable income. However the Association's new annual premium income for 1977 increased by 18.9 per cent on 1976 to £13.2 m. and the total premium income for the year at £56.4 m. compares with £43.6 m. for 1976. This performance, which is conspicuously above the industry average, is the result of determined effort by management and staff who are to be congratulated on an excellent achievement."

"At the beginning of 1977 the Association's increased interim bonus rates and the improved competitive position on contracts produced an increased flow of new ordinary life premium income which made a notable contribution to the year's results."

"Interest in group pension schemes started to increase in the latter half of the year stimulated in part by the approach of the new earnings-related State Pension Scheme. Although the 1977 results include little from this source, those for 1978 should disclose a revival in this business. Individual pension contracts continued to be a buoyant source of new business and the Association obtained a good share of the market."

Bonuses

"I am confident that we have done as well as our with-profit policyholders as is consistent with the paramount need to ensure there are adequate reserves to meet future liabilities."

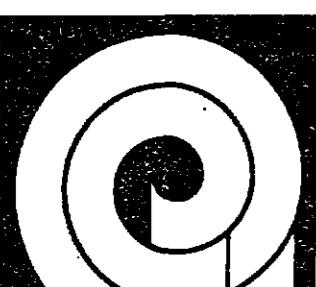
"Whilst the bonuses recently allotted have increased and go some way to preserving the value of savings, the fact remains that any means of savings is under pressure to maintain its value in terms of high inflation. The Association welcomes the spur of competition between the different constituents of the insurance industry to ensure that in the present consumer-orientated times its policyholders get good value for money. It must be said that a major reason for higher bonuses is the higher investment earnings which go hand-in-hand with high inflation rates."

Provident Mutual Managed Pension Funds Subsidiary

"The Managed Pension Funds subsidiary has had a successful year. After three years spent establishing a creditable investment record, this company last year doubled its funds under management."

	1977	1976
New premium income	£2000's	£2000's
Annual premiums	13,186	11,111
Single premiums	12,429	6,436
(including considerations for annuities)		
Total fund at end of year	302,148	197,715

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JOHN I. JACOBS & COMPANY LIMITED

A year of sound consolidation

The Annual General Meeting of John I. Jacobs & Company Limited will be held on 12th May, 1978 in London. The following is a summary of the circulated statement of the Chairman, Mr. J. H. Jacobs:

Our company continues to be served by a most expert, hard working and pleasant band of people and I thank one and all for another splendid year of effort in extremely difficult times for shipping.

1977 has been another year of consolidation for our company. We have continued to put our house in order following the changes forced upon us by the great and continuing shipping slump. We are in a very strong position waiting for the upward turn, particularly in the tanker market, which will surely come one day. I cannot personally feel that such an upswing is round the corner but I am confident that most of us will live to see it.

New freehold premises

The major event in our year was, of course, our move in the middle of May into our own new freehold office building. Such an event is a big upheaval for any going concern but I am glad to report that with the goodwill and ready co-operation of all our staff, we quickly settled down in our fresh surroundings and got on with our work as usual.

One matter of paramount importance for us, with our highly competitive international business, is our worldwide communications. Here I should like to record our appreciation of the service we obtained from the Post Office and congratulate that often much maligned organisation both for the calibre of their engineers who looked after us and for the willing way in which those engineers tried to satisfy us all.

Not until very recently has there been the demand for modern office space in the City given us much prospect of disposing of our lease of the two tower block floors we previously occupied in Winchester House. Now, however, I am able to advise you that we are in a serious negotiation for the occupation of one of these floors and we have also had some enquiry about the other one. It is therefore reasonable to believe that before too long we shall be feeling the substantial benefit of being free from this drain on our resources.

Hard work in difficult markets

All departments of our business have again worked well in difficult markets. Like any such business we have had our successes and our failures, but a reasonable share of the London business transacted by all sections of the broking fraternity, i.e. tanker, dry cargo and sale & purchase, has been arranged by our company and we are well placed with good teams to service all clients when there is much more business to be done at considerably better rates.

Jacobs & Tenvig Offshore Limited, the offshore broking company in which we have a fifty percent interest, has now established itself as a very going concern and this will be a worldwide growth area for some time to come.

R. K. Harrison & Co. Limited, our Lloyds broking friends, also

continue to prosper and I would again remind all stockholders that they would very much like to handle any insurance business required by any of you at any time.

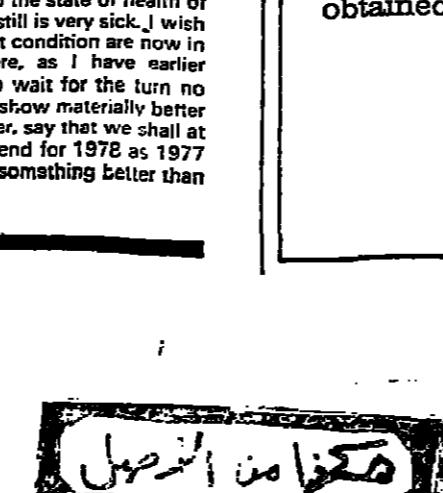
Prudential for the time being as we are from benefiting our stockholders by a reduction of our capital, we must instead endeavour to make steady increases in our dividend payments. With this in mind we have been endeavouring to make the cash we are holding work as hard as possible for us. I am pleased to be able to report that we are mainly invested in short or medium term fixed interest securities and deposits and these are earning what I consider reasonable returns coupled with safety. We have a small commitment to the equity market but only in first class stocks which will undoubtedly recover with the next upward swing of the market.

Prospects tied to world shipping

As far as our country is concerned I wish I could feel happier for the coming months and years than I do. I must confess the future worries me more than a little. Under the surveillance of our creditors, the constraints imposed by the present parliamentary position and by dint of employing some of the opposition's policies, the Government have been treading a less damaging path than might have been expected. With an election within sight, it is reasonable to suppose that this state of affairs will continue for a while. As it is, both personal taxation and corporation tax are still far too high, neither being too great an incentive to the hardest work. The number of people employed by Government continues to proliferate at an alarming rate with yet new taxes and interferences of all kinds seeming to be in the pipeline should an anti-business Government attain a parliamentary majority.

North Sea oil, largely financed by good old fashioned capitalism, has of course been the major influence in the turn for the better in our economic affairs. I just hope that the proceeds therefrom will be used to put our house in order, pay off our overseas debts on time and generally restore the good name this country used to have around the world for rectitude and discipline in all its affairs big and small. Otherwise we shall just sink straight back into the pit from which our oil bounty has partly wrung us for the time being.

Our company prospects remain tied to the state of health of world shipping. This patient has been and still is very sick. I wish I could say that convalescence and a robust condition are now in sight. Realistically they are not. Therefore, as I have earlier remarked, whilst we are strong enough to wait for the turn no matter how long that may be, we shall not show materially better trading results until it comes. I can, however, say that we shall at least be able to pay the same rate of dividend for 1978 as 1977 and I am not without reasonable hope for something better than that.



A moo from a sacred cow

BY ANTHONY HARRIS

IT WAS probably bad luck that Mr. Justice Cooke, president and chairman of the Law Commission, to launch a sharp attack on Government policies on April 12. The calendar of annual general meetings is graven in stone, and movable feasts like Budgets can interfere unpredictably. But that as it may, Mr. Jessop has not received the headlines he may have expected, and it is the duty of this column to put such matters right.

Mr. Jessop started by apologising to would-be borrowers who would have to be disappointed in their applications because of Government restrictions on the growth of lending. "It seems deplorable that building societies should be artificially restricted from carrying out the purpose of their existence," he said, expressing a sentiment which is no doubt shared by many of his opposite numbers.

He went on to point out that "there is no real evidence that the availability of mortgage money has any effect on house prices"; but here he suspect that he may find the numbers of assent a little less unanimous. "It would go perhaps a little further, and express some doubts—not about the evidence, but about the fact. One does not look for evidence of the obvious. In short, his statement is amazing.

Sealed world

It is some years since I was intimately concerned with the affairs of the building societies, but what I have read since provides no evidence in Mr. Jessop's formulation, that the movement's managers do not still inhabit what is in many ways a hermetically enclosed world of their own. It is limited on the one side by the savers whose funds they care for, and on the other by their borrowers. The movement has always been very touchy about any suggestion that the funds they so liberally provided had anything to do with the house price boom of 1972-73; house prices are clearly an Act of God. So, more accurately, are general economic conditions—though Mr. Jessop's account of the 1976 economic crisis as an event which adversely affected mortgage lending can be taken, perhaps unfairly, as an example of their perspective on these matters too.

What is so baffling in the movement is the combination of astronomical sums handled with the general approach of a really well-run Christmas club. Building society managers know that they handle important sums, but they cannot get used to the idea that this makes them a legitimate

THE WEEK IN THE COURTS

BY JUSTINIAN

WITH THE untimely death last Wednesday of Mr. Justice Cooke, the Law Commission has lost its studies, and the Law Commission sees itself as providing the focal point of the relationship between law reform and the social sciences. The new chairman needs to be particularly sensitive to these considerations in the years immediately ahead.

One inhibiting factor in an effective programme of law reform has been the plethora of law reform agencies. When Lord Gardner as Lord Chancellor conceived the idea of a permanent full-time body engaged in law reform, he would have done better by his brilliant brainchild if he had asked off the other part-time agencies of law reform, in particular the Home Secretary's Criminal Law Revision Committee and the Lord Chancellor's own body, the Law Reform Committee.

Not only do the building societies affect the Government's general strategy, but they are themselves dependent on the Government. Successive governments have provided the fiscal privileges under which they have flourished, and which are now attracting the envious attention of the clearing banks. Furthermore, their own inflow depends heavily on the Government's success in managing such matters—marginal, perhaps, in the inner life of a building society, but hardly to the rest of us—as the external value of sterling, and a monetary policy which achieves its objectives without credit crunches. If Mr. Jessop was speaking this week after due time to digest the Budget, he might legitimately complain that the Government appeared to be putting a burden on monetary restraint which might well starve the movement of funds later this year; but that would mean admitting that some restraint now is only prudent.

In short, the movement, rather than complaining about the very occasional incursions of Government into their field, should rather be admiring their status and their own well-earned reputation for steadiness. For the fact is, they are not far from being heavily controlled and directed. Enforced lending to local authority nominees, proposed under new legislation, is no doubt annoying interference on the margin—but not half as annoying as a call for special deposits, let alone the corset, or the requirement to make a weekly statistical return on a form with several hundred spaces for detailed answers. Building societies avoid all these burdens and annoyances because of tradition, respectability, and above all because they are political sacred cows; but they should not protest too loudly if someone occasionally asks that they should not behave like rogue elephants.

Contrast

By contrast, Mr. Justice Cooke was a supreme scholar who liked the role of a backroom thinker, and shunned the limelight. The description of him by an old hand at the Bar as "the kindest and gentlest man to grace the English Bench since the war" was not only a well-deserved tribute but was acknowledgment of a retiring and over-shy man. Hence the Law Commission, in the last few years has not thrust its continuing good works under the noses of the public.

One of the striking features of the Law Commission has been grappling in recent years with some of the more nitty-gritty areas of the law, for example the liability for damage or injury to trespassers, and the law of conspiracy.

In its early days it deliberately went for some of the immediate reforms of great social interest and importance. In November 1965 it produced an historic document on divorce law reform, called *The Field of Choice*, which brilliantly pointed the way forward to the Divorce Reform Act of 1969.

Whether demand for a Ministry of Justice, as envisaged by Lord Haldane more than 50 years ago, will increase depends to a large extent on the effectiveness of the Law Commission in its relations with Government, and Parliament.

More important is the fact that the Scamman era was the chairman's devotion to research of immediate practical value to law reform. As a result social research findings by social scientists have formed an important and growing part of the Law Commission's work.

Indeed in its eleventh annual report a year ago, it stated its view that the social scientist had a wider role to play in law reform than just that of a producer of research material that could be made use of in particular law reform projects.

TV Radio

† Indicates programme in black and white

BBC 1

5.40-7.55 a.m. Open University, 5.58 For Schools, Colleges, 10.45 You and Me, 11.22 For Schools, Colleges, 12.45 p.m. News, 1.00 Pebble Mill, 1.45 Camberwick Green, 2.01 For Schools, Colleges, 3.15 Songs of Praise, 5.52 Regional News for England (except London), 3.55 Play School (at BBC2 11.00 a.m.), 4.20 Tarzan, Lord of the Jungle, 4.40 Cheesey Plays Pop, 5.05 John Craven's Newsround, 5.10 Blue Peter.

5.10 News.

5.55 Nationwide (London and South-East only).

6.22 Midweek.

6.55 Anti-the Family.

7.20 Angels.

8.10 Panorama.

9.00 News.

9.25 The Trial of Lee Harvey Oswald, Part 2.

10.55-11.45 a.m. BBC1 except at the following times:

—Wales, 1.45-2.00 p.m. Pili Palas.

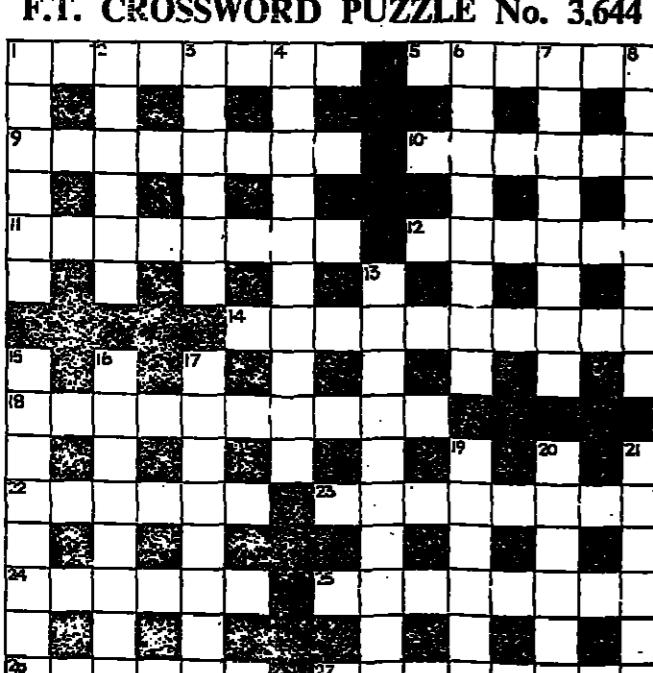
2.18-2.40 For Schools, 5.55-6.20 Wales To-day, 6.55-7.20 Heddifor, 11.35 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Report on Scotland, 10.55 Public Account, 11.30 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News, 5.55-6.20 Scene Around Six, 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich), Look North (Leeds, Manchester, Newcastle), 8.10 Panorama.

F.T. CROSSWORD PUZZLE No. 3.644



ACROSS

- Certain to be in pain with facial adornment (8)
- An officer flies aboard (6)
- By laughing shallow and —pool" (Kingsley) (8)
- Rod gets back at the fair (6)
- Most pleasant little river flowing from the South (8)
- Mother Carey's chick can have a stormy start (6)
- We must have high commanders in the ATS and damn the expense (3, 3)
- Avail oneself of some bread and show intelligence (3, 3, 4)
- Fat, but may be made to give light (6)
- National emblem for a master in an emotional disturbance (8)
- Satirical direction in Greco style of architecture (6)
- "Will take from both a deep — tone" (Shelley) (8)
- It means to be in pain we have to allow (6)
- No sets of garlands require arranging (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Law Commission's time to take stock

BY JUSTINIAN

WITH THE untimely death last Wednesday of Mr. Justice Cooke, the Law Commission has lost its studies, and the Law Commission sees itself as providing the focal point of the relationship between law reform and the social sciences. The new chairman needs to be particularly sensitive to these considerations in the years immediately ahead.

It must actually influence the climate of opinion by long-term studies, and the Law Commission has gone through two distinct phases in its 13 years of intensive activity in the field of law reform it is a good moment to take stock. Stock-taking is not just an exercise for the legal cognoscenti, but is vital to any member of a society that sees the need for constant refurbishing of its legal system.

Even since Mr. Justice Cooke took over in January 1973, there have been mutterings that the Law Commission had run out of steam and that there was not much sign of the life of activity so characteristic of its early days. That may be the image that the late chairman projected to those who had no personal contact with him or his office. For two reasons the image is a distortion of the reality.

The first chairman was unique among his colleagues of the English judiciary, Lord Scarman, who went from the old Divorce division in 1965 to become the first chairman of the Law Commission, leaving for the Court of Appeal five years ago, and, for the House of Lords last autumn, was not only an inveterate law reformer; he was a vociferous and persuasive advocate of law reform and of the new agency set up as the catalyst for legal change.

And he was that rare legal bird, a judge who had a nose for public relations and who was an effective communicator both to the Press and to the legal profession.

Dependent

Not only do the building societies affect the Government's general strategy, but they are themselves dependent on the Government. Successive governments have provided the fiscal privileges under which they have flourished, and which are now attracting the envious attention of the clearing banks. Furthermore, their own inflow depends heavily on the Government's success in managing such matters—marginal, perhaps, in the inner life of a building society, but hardly to the rest of us—as the external value of sterling, and a monetary policy which achieves its objectives without credit crunches. If Mr. Jessop was speaking this week after due time to digest the Budget, he might legitimately complain that the Government appeared to be putting a burden on monetary restraint which might well starve the movement of funds later this year; but that would mean admitting that some restraint now is only prudent.

In short, the movement, rather than complaining about the very occasional incursions of Government into their field, should rather be admiring their status and their own well-earned reputation for steadiness. For the fact is, they are not far from being heavily controlled and directed. Enforced lending to local authority nominees, proposed under new legislation, is no doubt annoying interference on the margin—but not half as annoying as a call for special deposits, let alone the corset, or the requirement to make a weekly statistical return on a form with several hundred spaces for detailed answers. Building societies avoid all these burdens and annoyances because of tradition, respectability, and above all because they are political sacred cows; but they should not protest too loudly if someone occasionally asks that they should not behave like rogue elephants.

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And he was that rare legal bird, a judge who had a nose for public relations and who was an effective communicator both to the Press and to the legal profession.

The implementation of the Law Commission's legislative programme has been a remarkable record. Few proposals have been rejected by the House of Commons, and some of it superficial—that characterised its first period of office. There has in fact been no slackening in the pace at which the Law Commission's draft Bills have been snapped up by backbench MPs for private Members' Bills, and on the major topics by Government itself.

The significance of the second phase in the Law Commission's life is that one important element in its role has been relegated. The Law Commission has, and was intended to have, a symbolic function over and above its utilitarian role of tidying up and refurbishing the law.

So long as its name and activity was thrust consistently before the public eye it stimulated a healthy public interest in law reform; some of that public interest has diminished in recent years.

As many games, the decisive factor was the performance of the team that won the title.

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Wolves get that awful sinking feeling again

WHEN Wolverhampton Wanderers were last relegated in 1973-74, they were a shade unfortunate as they were more precariously placed in the League and achieved more in cup ties.

They were certainly playing better football than their present team, who could suffer the same fate. On Saturday they were involved in a painful, goalless draw with Middlesbrough, the game being marred with mistakes and short on skill as to be laughable.

Their relegation into the Second Division on the last occasion had a predictable result. Wolves were simply too good for level and, as with Tottenham Hotspur this year, became straight back.

On Saturday's display, it is difficult to believe that the Wanderers had not only been the best side in the Second Division, but

awful

gain

Financial Times Monday April 17 1978

New York Opera

Campus and Concert

New York, without a BBC, ill; Betty Jones filled the role without a Camden Festival, with very scarce if not an Oxford, Cambridge, Reading and Bristol, within easy reach, a confident Huon. The loveliest singing came from Carmen Bathrop (who made her name in London). But the music colleges do something. At the Juilliard last month Martin Leopold, director of its opera department, conducted a pretty and touching performance of the Cavalli-Leppard *La Calisto*, and the Manhattan School of Music there was a sparkling performance of Nino Rota's *The Italian Straw Hat*.

John Crosby is both president of the Manhattan School and director of the Santa Fe Opera performances. It was done in German translation (which was perhaps the nearest thing to a pity), and all the spoken dialogue was omitted (which makes sense in a concert performance). A bilingual libretto provided as much of Planche as was needed to set the musical numbers in context.

Queller's second offering was Rossini's *Turandot*, in Philip Gossett's critical edition with the Ferrara "tragic" ending and more "adventurous" works by Bizet, Offenbach, and Wolf-Ferrari. I remain unrevealed there is no need for any regular company to contemplate it. But it makes a good student exercise, having many effective small roles, and it provided a merry evening.

The Juilliard maintains a deliberately "professional" atmosphere: the Manhattan has more of the exhilarating feel of a music school, and I have enjoyed many shows there: *King and Queen*, *Paul Bunyan*, *Quattro rusteghi*. The building, up town near Columbia University and Riverside Church, is to house the Juilliard before it moved to Lincoln Center, and in those days it became celebrated for such things as *Jenafa* and *Elektra* for Young Lovers, directed by Christopher West. Mannes, another music college, put on a very pretty *Isolde* last season, when Risi Stevens was its president. But now Miss Stevens has resigned, and the opera department has contracted.

Concert opera also helps to fill the gaps, and the chief provider is Eve Queler, conductor of the Opera Orchestra of New York, which performs in Carnegie Hall. Thanks to her, I have heard, with grand international casts, such things as Francesco da Ponti (Kabaliawski, Domingo), Le Cid (Bunbury, Domingo), Edgar (Scotto, Bergonzi), Gemma di Verdi (Cabello), and I Lombardi (Scotto, Carreras). This season she began with Oberon. Roberta Knie was to have made her New York debut as Reiza but she was

ANDREW PORTER

Emrys James as York and Helen Mirren as Margaret in Part III of 'Henry VI'



Emrys James as York and Helen Mirren as Margaret in Part III of 'Henry VI'

Aldwych

Henry VI by B. A. YOUNG

To see the three parts of ever seen. There is no scenery, no more than a token growth of grass; but there is a spare yet powerful use of props—candles mostly in Part I, where the war is on an international scale, the Thron and the benches of Parliament in the other parts, but told with uncommon craft, the five costumes devised so that the wearer is always recognisable.

This last point is important, for Mr. Hands having no great armies of extras to fill out his battle-scenes, important battles are fought only by the principals. There is thus no interruption in the narrative. In Part III, for instance, before the battle at Tewkesbury, Henry has been asked to leave the field ("the Queen hath best success when you are absent"). He insists on staying, but sits apart in a corner of the stage; and he stays there throughout the ensuing alarm and excursions until a full performance is made as you could ask. There will never again be any excuse for juggling with the plays as Peter Hall and John Barton juggled with them 18 years ago.

On the other hand there would be little profit in presenting any of the three parts without the ability to see the other two, and ideally it should be possible to see *Richard III* afterwards.

This does not mean that only richly subsidised companies can mount the plays, for Terry Hands demonstrates in this masterly production that small casts and little scenery are a positive advantage. Sweet are the uses of adversity: they have driven the Royal Shakespeare Company into a truly Shakespearean style.

To my mind this is the best black 'n' white I hope, begins Shakespeare production I have our lasting joys."

St. Marylebone Parish Church

Tallis Festival

by RONALD CRICHTON

The Tallis Scholars returned to Marylebone on Saturday for the third concert in their Festival series with another programme expertly chosen to show the range and versatility of this major English composer. The larger works given included four sections, performed in two groups of two sections each, from the parody *Mass Salve Intende*, *rota*, *credo* as well as the anti-phona of the same name on which the *Mass* is based.

Respite from the long, austere and adventurous lines of polyphony came with shorter, homophony motets or hymns, some of which embody verses in plainchant, equally restful to the ears of listeners and, no doubt, to the throats of singers. The concert of the series takes place at St. John's Smith Square, on April 29, when the programme includes Tallis' famous 40-part motet *Spem in alium*.

Both went well. About the apparent, notably in Eileen Croxford's incisive cello line, Alan Civil played the horn, part of Brahms' and marvellous in the Brahms, and marvellous it sounded—the Elizabeth Hall acoustics get knocked so often that it is a pleasure to point to one instrument that positively blossoms there.

Though it does not always come off as well, as this, the *Brahms* Trio is one of Brahms' most irresistible masterpieces. To go no further, both slow movements are of extraordinary beauty, especially the second. Few of the romantic composers plumbed such depths of wondering grief with such entire lack of self-pity as Brahms did in this Adagio *nesto*. The opening was *Bartok's Contrasts*. Keith Puddy's playing of the clarinet part was remarkable. Piano (David Parkhouse) and violin (Ralph Holmes) were dapper but not quite pithy or biting enough—they had two major works to come, while *Contrasts* was the clarinet's only outing.

CCMC début in London

The Canadian Creative Musicians Collective, a free music orchestra and composing ensemble which has been playing in London since 1974, makes its London debut on Sunday, April 30, at the ICA Theatre, in the Mall.

This is a Jazz Centre Society presentation in association with the cultural affairs section of the Canadian High Commission and the Institute of Contemporary Arts. Tickets are £1.50 plus 25p temporary ICA membership.

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Monday April 17 1978

The cost of redundancy

THE BRITISH Steel Corporation has been making good progress in negotiating terms for the early closure of its highest-cost plants including those whose demise had been deferred as a result of the Beswick review. The redundancy deal agreed last week for the end of steel making at Ebbw Vale follows a similar agreement a month ago at the East Moors works in Cardiff and others at Hartlepool and at Clyde Iron in Scotland towards the end of last year. But while the closure of old facilities will make a useful contribution to a reduction in the Corporation's losses, which are now estimated to have totalled £440m. in the financial year just ended, an even more important part of BSC's cost-saving programme is the need for improved productivity and better manning standards at its other plants.

Backing

Here, too, there are some encouraging signs. The introduction of productivity schemes at plants such as Port Talbot is already having some effect. The BSC's efforts to introduce such schemes had been frustrated by the two previous phases of the Government's incomes policy under the terms of which productivity bargaining had been precluded. But in an agreement earlier this year the Iron and Steel Trades Confederation committed itself to the negotiated introduction of local job measurement and incentive schemes as well as to other important arrangements including improved procedures for disputes and for agreeing manning levels at new plants.

These commitments have yet to be translated into action at local level, and similar agreements have yet to be made with other unions involved in the industry. But the Steel Corporation should now be able to count on the firm backing of the disappearing BSC, like the Coal Board, may be able to draw redundancy funds from the abandonment of the idea of job preservation which underlay the Beswick plan; it also expressed the Government's full, sustained and public support to the BSC in its efforts, including the steps needed to

achieve much needed improvement in productivity." Neither trade union leaders nor local action groups will be able to use Ministers as a convenient back door through which decisions of management can be overturned.

The redundancy agreements reached at Ebbw Vale and other plants shows that local employees can often see the writing on the wall more clearly than their national leaders and will accept redundancy if the terms are right. The terms offered by BSC have been widely publicised and could well have influenced expectations among British Leyland workers at Speke. But they reflected, among other matters, the fact that the steel workers concerned had been assured by the Beswick plan the prospect of continuing employment for varying periods ahead, a promise the BSC now wanted to buy out, whereas an important consideration at Speke has been the fact that the factory was built only eight years ago and so few of the workers there had been employed for a large number of years.

No norm

When jobs have to be bought out, it is up to the employees, unions, and management concerned to negotiate terms that are appropriate to the circumstances. There can be no national "norm" for redundancy pay over and above the minimum rates laid down by statute. The extent to which alternative jobs are available locally, the preference to be given to the oldest or the longest-serving workers, the case for some kind of continuing

payment as well as a lump sum (a growing feature of redundancy deals) varies from case to case. So, too, do the cost savings which will ensue, and thus the share that can be made available to those whose jobs are count on the firm backing of the disappearing BSC, like the Coal Board, may be able to draw redundancy funds from the abandonment of the idea of job preservation which underlay the Beswick plan; it also expressed the Government's full, sustained and public support to the BSC in its efforts, including the steps needed to

Perils for oil States' industrial life-rafts

THIS MONTH sees the completion of start-up trials of Qatar's Umm Said steel mill, the first heavy industrial plant conceived since the 1972-1973 oil price rises to come on stream anywhere in the Arabian Peninsula.

The event is of more than passing significance, because as all the hundreds of thousands of businessmen who visit the region every year rapidly become aware, energy-intensive heavy industry is seen by the governments as the key to making Saudi Arabia and the Gulf states viable economies before the oil runs dry. It is the foreign exchange and tax revenue earner regarded as the most logical supplement to declining oil incomes.

But in practice the odds on heavy industry fulfilling the role intended for it are highly speculative, and this calls into question the Arabian oil producers' whole future.

The states which endorse the heavy industry philosophy wholeheartedly are Abu Dhabi and Qatar. Kuwait is a partial subscriber, while (to be safe)

it also tries to draw out its oil production as long as possible, and Bahrain and Dubai are aiming to combine some heavy industry with a role as service centres for the economies of their neighbours.

Saudi Arabia is in a category of its own, because its vast oil reserves enable it to look upon heavy industry not so much as a direct substitute for oil, but as a first generation of industrial development which will provide a training ground for its people and a foundation upon which later industrial development will be based.

A small work force needed

The basic appeal of heavy industry in the minds of the planners is that most of the plants envisaged would run on locally-produced raw materials. They can (in theory) be made competitive in international markets by supplies of low-cost gas, which hitherto has been flared as part of the process of oil production. Also the workforce required would be small in relation to the value of the plants' output—a vital consideration in countries which have very small indigenous populations and are heavily dependent on immigrant labour.

Although people normally talk of these projects as being built for the day "when the oil runs out," in practice they will be built a lot sooner. It is highly likely that within 10 years the performance of Arabian Peninsula heavy industries in the Gulf States (as opposed to Saudi Arabia) will be having a direct effect on levels of government spending, on development policy

and on the attractiveness of the area as an export market.

Initially, the industries will be called upon to act as a revenue supplement when the government's spending rises above the level of their oil incomes, and a little later, when oil production begins to decline,

they will have to begin taking over the burden of financing a major part of expenditure. The theory is that, eventually, governments would hold the production of oil and unassociated gas (gas found on its own) at a level just sufficient to run their industries (converted partly to being oil-burners) without there being any surplus of crude left for export.

And at that point the industries would have to provide almost all of the countries' foreign exchange income as well as a still bigger proportion of government revenue.

Additional sources of income at each stage would be interest earned from accumulated financial reserves and domestic taxes. But governments may be reluctant to use all their interest and dividend income if

they wish to maintain the real value of their foreign assets.

In all countries except Bahrain and Saudi Arabia, expatriates account for between 60 per cent. and 80 per cent. of the population.

Unfortunately for the States which may one day be facing these prospects, most of the heavy industries that have already been brought on stream in the Arabian Peninsula have performed disastrously. The exceptions will be Alumina, Bahrain (ALBA) and the small oil reserves and no prospect of big oil discoveries in future, will be first. And it is no coincidence that Qatar has far more industries already under construction than any other State. In fact Qatar will need to draw a lot of its revenue from industry by 1985, which in Arabian planning terms is frighteningly soon. Bahrain, on the other hand, is already dependent on industry to some extent but, like Dubai, has never been a conventional "oil State."

Its people's attitudes to wealth, work, and tax are very different from those of other Arab States.

They are not much compared with the petrochemicals plants, not so high that they cannot be turned into losses by even a moderate reduction in operating levels.

Beyond this there are the problems of marketing. The gross sales of the Dubai aluminium smelter (DUBAL) in the early 1980s might be as big as the present capacity of the entire non-Communist world outside North America, which means that even with substantial growth in Japanese and in Third World consumption, a surplus of NGL in world markets looks more or less inevitable. Arabian Peninsula petrochemicals plants and refineries, in contrast, seem likely to account for quite minor proportions (2 or 3 per cent.) of world capacity in the 1980s, but they will be operating in markets which already be bound to be plagued by huge surpluses—running up to 55 per cent. excess capacity forylene production according to independent estimates.

"Strings' tied to oil sales

It must be said, though, that the Arabian governments' own estimates of market conditions are very much more optimistic than this. Furthermore, it is argued strongly that the size of the 1980s surplus capacity could be controlled now by co-operation between governments. But as the Saudis themselves admit, the West's reaction to their request for a dialogue so far has been negative.

The result of this situation is that the sales of the Middle Eastern heavy industrial plants are high because a political issue, and housing) which according to the most pessimistic estimates may be up to 80 to 90 products. Western governments' decisions are extremely important to potential foreign partners—though from the point of view of the Finance Ministers it does not make very much difference whether the income comes as sales revenues from gas and services, or as dividends and tax on the profits of the plants.

There are some inputs, though, which are not dependent on government accounting decisions. In the case of steel and aluminium there are major imported raw materials, and for Eastern heavy industrial plants all plants there are high operating costs (mainly labour and housing) which according to the most pessimistic estimates may be up to 80 to 90 products. Western governments' decisions are extremely important to potential foreign partners—though from the point of view of the Finance Ministers it does not make very much difference whether the income comes as sales revenues from gas and services, or as dividends and tax on the profits of the plants.

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Long run for commodities

THE CHANCES of convening a conference by July that would succeed in establishing the proposed common fund to stabilise commodity prices are probably a lot less good than Mr. Shridath Ramphal, the Commonwealth Secretary General, suggested on Friday. But the two-day Commonwealth Ministerial meeting in London last week made some progress in bringing together the industrialised and developing nations that would have to participate.

Realistic

The apparent readiness now to search for a compromise reflects a more realistic appraisal of the complicated issues at stake. It is also indicative of anxieties shared by both North and South about the gloomy outlook for world trade and for their economies. Developing nations fear a drop in their commodity export earnings, which account for nearly two-thirds of their visible overseas earnings, and the wrench this would have on their balance of payments and development plans.

For the West, there is a short-term gain to be had from a fall in the price of imported raw materials. But it is marginal beside the resulting uncertainties over new investment to assure supplies of future raw materials and the loss of purchasing power in the Third World, which is becoming an increasingly significant importer of capital goods. The advantage of a Ministerial meeting, such as the Commonwealth session, is that it can touch on these broader issues of trade and capital flows, which officials negotiating on a specific subject feel are out of bounds.

But major differences over the shape of the fund still remain. The view of the West is that attempts to dampen down the wilder fluctuations of the commodity markets must be firmly rooted in individual commodity agreements negotiated between producers and consumers. The most likely to be achieved are tin, rubber, coffee, cocoa, tea, and jute, with copper a possibility. Western governments are willing to share the burden of financing of the hinterland required to make such agreements work and to guarantee borrowings that commodity associations might need to make. But this approach

MEN AND MATTERS

The Chief's men in Mayfair

The news of last week's somewhat bizarre decision by the Transkei to break diplomatic relations with South Africa was "orchestrated" by a public relations agency in Dover Street, Mayfair. Involved in the orchestration (the term used by agency head Paul Dwyer) were Humphry Berkeley, one-time Tory MP and now a Labour Party member, and a West Indian writer named Scobie Lowblack.

Dwyer told me yesterday that he, Berkeley and Lowblack went on a trip to the Transkei at the start of this month. While they were there, Chief Kaiser Matanzima and his Cabinet took the decision to sever diplomatic ties with Pretoria. Did the trio encourage this decision? "No," Dwyer said. "But we were not alone."

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Lowblack and Berkeley are paid consultants to Dwyer's agency, called Business Expansion. Dwyer does not see eye to eye with Berkeley in all matters: "I am an active Conservative and have stood as a parliamentary candidate for the party." But they are at one about the policies being followed by Matanzima—who is on the telex to them twice or more a day. When I suggested that the Dover Street office is acting as an "unofficial embassy" for the Transkei, Dwyer agreed: "We are playing a David role to South Africa's Goliath."

Broadcaster and entrepreneur Berkeley is a veteran Africanist who likes to refer to many black presidents by their first names. The agency has retained him, it says, for his constitutional knowledge. The third member of the team, Lowblack, has close contacts with the Transkei's Foreign Minister, Digby Koyana. So the offending

insurance brokers have lately been declaring a change of heart. They say that clipboard selling is a thing of the past.

But is it? Winsome girls with clipboards still hang around the exits from certain Underground stations in London, to quiz emerging travellers about their views on the economic scene.

The names they collect are then brought together and hawked around to whoever may want them as a "good list." So if you are stopped in the street and asked what you think of Denis Healey's 13th Budget, make sure your interrogator comes from one of the well-known opinion pollsters. Otherwise, you will shortly be on the end of some forceful telephone calls.

Final throw

Faithful to its name, the Promenade des Anglais, Nice's Belle Epoque waterfront, has succumbed to the English disease.

The victim is the grandiose casino of the Palais de la Méditerranée, once described by the writer Jules Romains as "France's greatest modern monument." Nobody broke the bank, it broke itself. Bankrupt after months of efforts to pull it out of the red, the casino finally closed its doors on Friday.

The casino lost 10m. francs—well over £1m.—in its last financial year, and its net debts are put at around £2m.

The official receivers decided to take no more bets. "The practice of gambling, with all the risks it could present as a business of chance, was incompatible with our legal functions." But the BBC's "Moneybox" programme, the Life Offices Association has expressed disapproval and there has been Ministerial criticism in the Commons. So the offending

they saw the casino's demise coming, ever since effective control passed last June from the hands of Mme. Renée le Roux into those of M. Jean-Dominique Fratoni, who also runs the Palais' neighbour and rival, the Ruhl.

"Under the pretext of prudence, the new management applied itself to a systematic strangling of gambling activities," allege the unions.

At the Ruhl, the roulette, blackjack and chemin de fer still go on. But Fratoni has an equally serious employee problem. Nine of the casino's croupiers have been charged with raking in from the company's till. The amount of their alleged illicit winnings is reported to be around Frs. 6m. The management has sent out a note assuring customers that it was the casino, and not they, that was cheated.

More for less

More on the vagaries of British Rail fares. A Chelsea reader who travels up to Carlisle frequently to see his family says he had what seemed like a bright idea: He would buy a Big City Saver to Glasgow (£15 return) and get off at Carlisle. The railways told him sternly that he would have to pay a surcharge of £5.45 for wanting to travel 180 miles less. He has now decided to drive up the motorway instead.

Die now, or else

A New York mausoleum is widely advertising its burial services in the city's newspapers. Obviously, the ad ends with a warning in heavy type: "Please, Note, Our Prices Rise on April 30."

	Petrochemicals	Fertilisers	NGL	LNG	Export Refineries	Aluminium	Steel
Saudi Arabia	4-C 3-B	1-A 1-C	1-A 1-B		1-A 3-C	1-C	1-C
Kuwait	1-C 1-B	1-A 1-B	1-A 1-B		2-A 1-B		
Bahrain					1-A	1-A	
Qatar	1-B	1-A 1-B	2-B*	1-B			1-A
Abu Dhabi		1-C	1-B	1-A	1-E		
Dubai			1-B			1-B	

* ONE PLANT BUILT AFTER DECOMMISSIONING LAST YEAR
** DECOMMISSION PROJECT

MAJOR ARABIAN PENINSULA HEAVY INDUSTRIES							
A Already on stream							
B Under construction/subject to firm contract							

FINANCIAL TIMES SURVEY

Monday April 17 1978

الجامعة العربية

Society
grappling
with
change

Anthony McDermott

THERE HAS rarely been a wealth should not be absorbed plan puts the maintenance of through marriage which keeps influences as say the Maghreb nation or holiday, and use of this learning outside the society as exposed to dramatic as well. Far from seeing itself as under siege, Saudi Arabia has a confidence about it which is to-day. The contradictions—as often taken as arrogance.

At the same time Saudi Arabia is having to face decisions which are not just on a day-to-day basis about providing aid for this or that African State or issuing a law defining the relationship between foreign companies and local agents. It is having to decide between a whole range of long-term strategies which could profoundly affect the society and country in which Saudis live, and which if mishandled could be damaging, not beneficial.

It is in the material and economic side, as the development article points out (Page XXII), that some sort of vision while continuing to deny them the logical extension of this betterment by keeping them apparently still in a status inferior to that of men. Above all, it is trying to run an increasingly complex State before the foundations of a suitably geared bureaucracy have been established.

In many ways, to list these points is an unproductive exercise because it expresses them in terms that Saudis might neither understand nor accept. First, for them the criteria on which these apparent contradictions are based are profoundly different and therefore frequently do not apply. Secondly, Saudi Arabia has hitherto been highly successful in resisting some aspects of change, in particular the movements of radicalisation which passed through the Arab world in the 1950s and 1960s.

As a result it sees no reason why the new challenges brought on by the impact of enormous

change, development and re-organisation as Saudi Arabia is seen from the West—are easy to pinpoint.

Physically it is a country with a small population—6m, may be too high an estimate—scattered across an area about two-thirds the size of Western Europe. It is trying to hold firmly to the basic and strict tenets of Wahhabi Islam while absorbing the most modern technology available. It is seeking to retain a Saudi identity while being forced increasing to import and depend on an extensive foreign labour

market. It is in the material and economic side, as the development article points out (Page XXII), that some sort of vision while continuing to deny them the logical extension of this betterment by keeping them apparently still in a status inferior to that of men. Above all, it is trying to run an increasingly complex State before the foundations of a suitably geared bureaucracy have been established.

Predictably, the spiritual vision is less clear. This is partly because this is a far more intimate process, not directly involving outsiders. Secondly, it is harder to quantify than how a \$142bn. development plan is to be carried out or an oil production ceiling of 8.5m. barrels/day imposed. Thirdly, it is clear that although Saudi Arabia's ruler and *ulama*, the religious leaders, have total confidence in Islam as a guide to life, there is awareness that changes will have to come and they have yet to chart with certainty the direction to take.

It is not for nothing that the preamble to the development

plan puts the maintenance of through marriage which keeps influences as say the Maghreb nation or holiday, and use of this learning outside the society as exposed to dramatic as well. Far from seeing itself as under siege, Saudi Arabia has a confidence about it which is to-day. The contradictions—as often taken as arrogance.

Some aspects of the development plan are already having a beneficial impact. It is only over 40 years since Saudi Arabia was unified under King *Abdul-Aziz* after a history of prolonged tribal strife. Traces of these differences still remain, and it is significant that the National Guard is largely made up of *Nejdi* tribesmen traditionally loyal to the house of Saud. But the provision of roads, improved telecommunications, Saudi's air links with comparatively obscure towns and education and services for the bedouin have all given Saudis a sense of belonging to a country with an identifiable Government, to which loyalty and patriotism should be given.

Furthermore, although pockets of poverty do exist in Saudi Arabia in distant villages and shanty towns in and around the main cities, there is broad contentment with the way the Government has provided opportunities by means of its great wealth—directly in aiding the private sector obtain loans, or indirectly through helping people buy houses on cheap terms or through giving schoolchildren free meals on a wide scale.

The armed forces, which are going through an extensive period of sophisticated development, are not seen as a threat. This is partly because the rulers of Saudi Arabia, having seen how military coups have come and gone elsewhere in the Arab world, monitor carefully what goes on in their ranks, and partly because the regular armed forces and the National Guard are set up as deliberately counterbalancing entities.

So far Saudi society has been successful in containing imported culture from the West. Indeed there are signs of surprising flexibility from time to time for the conservative elements in Government who are concerned about the deeper effects of introducing more independent thinking or subjects which might undermine the fundamental role of Islam.

Whether this will remain so in the long term depends on the first reason is that there are heavily on education. If there not enough trained Saudis to do the many of the jobs. Secondly, in the education Ministry, while in the education Ministry, there are more interested in business or in occupying senior positions than providing the working core of Ministries. One crucial effect may be to exacerbate— as decisions about the economy and social affairs become more complicated—the existing problems of bureaucracy, where few civil servants are prepared to take responsibility for their own decisions or those of others.

For the moment there is no obvious evidence that the preparation for these changes is in the hands of the young Saudis who obtain distinguished PhDs abroad. On the contrary, in this most delicate area the Saudi Government is moving with its characteristic caution and secrecy, perhaps inspired by the fact that, under Saudi patronage, Islamic values seem to be reasserting themselves in Africa, Asia and among communities in Europe.

The indications are that economically and politically Saudi Arabia is becoming increasingly tied up with the West. But, if, for example, the Arab-Israeli conflict remains unresolved and threatens to turn into another war, the Saudis might inevitably be forced to abandon their role of moderation in the Arab world and face the risks of instability will come probably not from the cultural invasion from outside but from the decisions Saudi Arabia takes about its role in the Arab world and the world in general. For example, by choosing to expand oil production (rather than keep its assets in the ground), it is able to have a deep influence not just on the future of OPEC as a cartel but also on Western economies (in particular that of the U.S.).

In the end the greatest risks are that Saudi Arabia, becoming increasingly tied up with the West, will, if for example, the Arab-Israeli conflict remains unresolved and threatens to turn into another war, the Saudis might inevitably be forced to abandon their role of moderation in the Arab world and face the risks of instability will come probably not from the cultural invasion from outside but from the decisions Saudi Arabia takes about its role in the Arab world and the world in general. For example, by choosing to expand oil production (rather than keep its assets in the ground), it is able to have a deep influence not just on the future of OPEC as a cartel but also on Western economies (in particular that of the U.S.).

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Just a bud that has blossomed into a bouquet

BINLADEN BROTHERS
for Contracting & Industry



is a Saudi Arabian company engaged in all types of civil and mechanical construction. Major turnkey projects executed since the establishment of the company in 1972 include airports, roads, bridges and utility buildings. The company is geared to meet operating conditions throughout Saudi Arabia, and is supported by a substantial spread of wholly-owned equipment. In addition, BINLADEN BROTHERS produces and markets a comprehensive range of construction supplies and services through in-Kingdom subsidiary and associate companies.

BINLADEN BROTHERS has formed joint venture companies with partners providing technological and management capability beneficial to the development of the Kingdom's infrastructure. It is BINLADEN BROTHERS' policy to seek a majority holding in such ventures, which are all carefully studied for compatibility and viability in the long term. The company owes its success to the highly professional management of its resources, coupled with integrity and single-minded dedication to the interests of Saudi Arabia. Total work executed by the company since its inception in 1972 to end 1977 approached one billion Saudi Riyals.

The Brothers Binladen

The name Binladen became closely associated with major government construction projects in Saudi Arabia during the lifetime of Mohamed Binladen. The Organization was created in 1972 to continue the work of the company which was among the largest of its kind in the Middle East, and was entrusted with the most important civil engineering projects of its day.

The well-integrated complex of specialized operating units created and grouped together by his sons today keeps the family name at the forefront of both public and private sectors of the construction industry in Saudi Arabia.

RESOURCES

BINLADEN BROTHERS owns and operates a comprehensive spread of plant for earthmoving, asphalting and concrete works. The value of equipment active on sites throughout the Kingdom as at mid-1977 amounted to SR 67 million. The company purchases direct from quality manufacturers and runs a stringent programme of preventive maintenance. Complete repair and maintenance facilities are established on-site for each of the company's projects. These are supported by the principal maintenance base in Jeddah which keeps continuous radio contact with the company's camps Kingdom-wide. Urgently needed spares, as well as materials and personnel, can be flown to site in a matter of hours aboard one of the company's fleet of five aircraft.

CONTRACTS AWARDED TO BINLADEN BROTHERS

date awarded	Project requirement	Contract value (SR)	Date of Completion
February 1972	JIZAN AIRPORT PAVEMENTS Construction of a new 10,000 ft. runway and parallel 10,000 ft. taxiway; three lead-in taxiways, high-speed turn-offs and two concrete aprons; complete AFL system and all related civil works and road-works.	42 million	October 1973
August 1972	SECTIONS 2 & 4, JIZAN-TAIF ROAD Construction of retaining walls and rip-rap stone setting. (Subcontract to BINLADEN ORGANIZATION).	74 million	October 1973
May 1973	BISHEH AIRPORT PAVEMENTS Reconstruction of main 10,000 ft. runway; new parallel taxiway; five lead-in taxiways; one high-speed turn-off; four concrete aprons, four aircraft shelters; all related civil works and roadworks.	55 million	November 1975
July 1973	TAIF-JIZAN ROAD (Road 54 Section 5)	65 million	July 1976
August 1973	AL JOUR AIRPORT (Phases I & II) Construction of a completely operational airport comprising 14,000 ft. main runway, with lead-in taxiway, concrete aprons, airport perimeter road and fence, approach road and airport road system; complete AFL system; terminal building covering 3,600m ² ; fire and rescue building; power house containing three 360 KVA generators, complete with HV and LV distribution systems to the airport; water supply building and 100,000 gallon reservoir; six houses, officer's block, military out-structures for sixty personnel and three hangars for light aircraft maintenance.	90 million	January 1976
August 1974	BADANA AIRPORT Phase I Construction of 10,000 ft. main runway, one lead-in taxiway, two concrete aprons, complete AFL system, access roads to airport and perimeter fence. Phase II (similar to the civil specifications of Al Jour Airport project above, excluding the military out-structures but including one hangar for aircraft maintenance).	95 million	July 1975
February 1975	JIZAN AIRPORT BUILDINGS (Phase I) Construction of terminal and cargo buildings, power house structure, water supply building and pump installation, fire and rescue building, meteorological building and guard house and military cantonment.	25 million	July 1977
August 1975	AL WEDJH AIRPORT BUILDINGS (Phase I) (Similar to Jizan Airport Building, above)	25 million	March 1978
January 1976	JIZAN AIRPORT PERIMETER ROAD Construction of an 8.5 kilometre perimeter road around Jizan Airport.	6.8 million	November 1976
February 1976	BADANA PARALLEL TAXIWAY Construction of a 10,000 ft. parallel taxiway, with two lead-in taxiways and airport drainage works; complete AFL system.	31 million	February 1977
February 1976	AL JOUR PARALLEL TAXIWAY (Similar to Badana Parallel Taxiway project, above).	25 million	March 1977
January 1976	MOUNA HELIPORTS Construction of 14 elevated heliports complete with lighting and passenger elevators.	18 million	November 1976

UNDER CONSTRUCTION

June 1977	MINISTRY OF HAJJ BUILDING Construction of a ten-storey office building for the Ministry of Hajj in Jeddah.	70 million	June 1979
October 1977	AL KHARI AIRPORT Construction of a complete airport including runway, apron, lead-in taxiway, airport drainage and perimeter fence. This project was successfully completed within the contractual period of eight months.	62.5 million	April 1978
December 1977	JIZAN AIRPORT BUILDINGS (Phase II) Extension of buildings and passenger facilities with associated utility services.	66.5 million	June 1979
December 1977	WEDJH AIRPORT BUILDINGS (Phase II) Extension of buildings and passenger facilities with associated utility services; construction of a mosque and a desalination plant.	63.5 million	June 1979

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AL MHDAR BINLADEN Development Co. (BEMDC)
POB 4445, Jeddah.
Telephone: 74791, 73403

BINLADEN-Saxons Electro-mechanical Co. (BSEM)
Head office:
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Cables: BINSAXONS JEDDAH
Telex: 401071 BINERS SJ
401044 BINLON SJ

READY MIX SAUDI (RMS)
POB 5848, Jeddah.
Telex: (care of BINLADEN BROTHERS)

ALKHOBAR:
POB 54, Alkhobar,
Saudi Arabia.
Telex: (as Jeddah)
Telephone: (031) 41933.

BINLADEN BROTHERS aluminium factory

located at the company's industrial site near Jeddah, manufactures anodized aluminium doors and windows to British Standard Specifications under licence to Crittall Windows Ltd. (UK). The modern 2,500 square metres factory, the first of its kind in the Kingdom to be geared to mass production, has a capacity of 85,000 square metres a year on a three-shift basis.

AGGREGATE PRODUCTION

The BINLADEN BROTHERS aggregate division is the largest in the Middle East. Its wholly-owned resources include six complete crusher sets with capacities ranging from 300 tons/hour to 350 tons/hour, a fleet of transporters, water tankers and trucks, and a spares and maintenance department for technical support. The division's operational experience in many parts of the Kingdom facilitates the smooth co-ordinated mobilization of these resources in locations determined by thorough site investigation and laboratory analysis.

READY MIX CONCRETE PRODUCTION

BINLADEN BROTHERS has a major shareholding in Ready Mix Saudi Ltd. (RMS), a joint venture with Redland Ready Mix, one of the UK's major producers of ready-mix concrete. RMS pioneered the introduction of ready-mix concrete on a commercial basis in Saudi Arabia. Delivery to site as required of concrete to controlled specifications and of guaranteed strength won the instant approval of contractors. The RMS service helps maintain project performance in the face of spiralling costs, demanding completion targets and skilled labour shortages.

The company's fleet of vehicles deliver to both large and small contractors within a fifteen kilometre radius of the Jeddah-based RMS plants. A Schwing concrete pump with a 50m³/hour capacity supplements the fleet for deliveries where access is difficult.

DOORS AND PARTITIONS

In a joint venture with Bruynzeel (Holland), BINLADEN BROTHERS will produce quality wood doors, kitchen units and internal partitions in a factory located near Jeddah. The factory will be the largest of its kind in the Kingdom with an annual single-shift capacity of 200,000 doors.

SCAFFOLDING FABRICATION

BINLADEN BROTHERS has a controlling interest in the National Scaffolding Company (NSC), a Saudi Arabian company formed jointly with Tower Al Futais Scaffolding (UK). The carefully studied venture will be the first in the Kingdom to supply locally finished scaffolding elements from its factory near Jeddah, where start-up is programmed for 1978.

PERLITE SUPPLY

Through Saudi Perlite Company (SPC), a joint venture in which BINLADEN BROTHERS has the majority holding, the benefits of perlite are to be introduced into Saudi Arabia. SPC's partner in this venture owns the largest perlite mines in Europe, a guarantee of continuous supply.

This naturally occurring mineral, once treated under high temperature, provides the cheapest form of insulation known. In addition to its immense value to the Kingdom's construction industry, processed perlite has important applications in unrelated fields such as agriculture and pollution control.

Marketing of imported ready-processed perlite began end 1977, and SPC plans to meet the demand that the introduction of this remarkable product has created by establishing its own plant in the Kingdom by end 1978.

TRADING

The trading arm of BINLADEN BROTHERS developed out of the company's requirement for large quantities of construction elements and materials. The division supplies the parent company and its affiliates and subsidiaries, in addition to the open market.

Availability of stock for on-the-spot inspection and immediate supply, together with installation capability and maintenance back-up, have found a ready market for the BLB trading division among clients who have traditionally been obliged to deal with remote suppliers.

Where viable, the exclusive agency agreements formed with principals can lead to joint venture arrangements for the manufacture of these products under licence.

STRUCTURAL STEEL

BINLADEN BROTHERS imports structural steel elements under an exclusive agency agreement with Varco Pruden (USA) and undertakes the erection of warehouses, factories, maintenance facilities and buildings throughout the Kingdom. In 1976, BINLADEN BROTHERS supplied elements covering a total of 100,000m³; by 1979, it is expected that the annual total will exceed 200,000m³.

FENCING

BINLADEN BROTHERS has the exclusive agency in Saudi Arabia for Heras Hekwerk (Holland), manufacturers of a range of fencing materials. Major supply and erection contracts that have been carried out with Heras products include fencing for airport perimeters, industrial complexes and schools.

SUSPENDED CEILINGS

As exclusive agents in Saudi Arabia for Alphacoustic (France), BINLADEN BROTHERS stocks, supplies and fits a wide selection of quality suspended ceilings.

FURNITURE

Turnkey projects undertaken by BINLADEN BROTHERS involving the supply of furniture led to an exclusive agency agreement for Saudi Arabia with Pander Projects (Holland). A company active worldwide, Pander designs and manufactures standard and luxury furniture for numerous applications, including offices, official residences and public utilities such as airports and hotels.



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SAUDI ARABIA XXIV

As well as oil, Saudi Arabia is sitting on enormous reserves of natural gas. It is hoped to use these both for export and to fuel industrial installations at Jubail and Yanbo, but the Government has still to make up its mind about the scale of these projects.

Gas gathering

NOT CONTENT with being the world's largest exporter of crude oil, Saudi Arabia has now embarked on an ambitious project which should earn it the same role in natural gas liquids (NGL). Aramco is supervising a gas-gathering project—one of the largest industrial enterprises in the world ever taken on—in the Eastern Province. By the mid-1980s the aim is that Saudi Arabia should not only be providing exports, but also fueling its industrial areas in Jubail on the Gulf and—linked by a 1,270 km pipeline being built by Petromin and Mobil—its counterpart at Yanbo on the Red Sea.

Saudi Arabia's gas reserves at the beginning of this year, according to the Oil and Gas Journal, were 55,000bn. cubic feet. Saudi Arabia produces almost exclusively gas associated with crude oil, and therefore its production levels reflect closely those of oil. About three-quarters of its production until recently has always been flared off. Aramco has two limited natural gas fields in the Kidan field beneath the Rub' al-Khali (the Empty Quarter) and a small deposit in Khuff limestone of the Permian era underneath Dhahran.

Aramco already has a gas-gathering system drawing on its operations in southern oil fields.

One more stream is to come, under an expanded programme of throughput from additional fields. The Government has not yet decided on the full scale of the project which should earn it the same role in natural gas liquids (NGL). Aramco is supervising a gas-gathering project—one of the largest industrial enterprises in the world ever taken on—in the Eastern Province. By the mid-1980s the aim is that Saudi Arabia should not only be providing exports, but also fueling its industrial areas in Jubail on the Gulf and—linked by a 1,270 km pipeline being built by Petromin and Mobil—its counterpart at Yanbo on the Red Sea.

In 1976 Aramco produced 67.6m. barrels of NGL (184,776 barrels/day) and the capacity of its facilities now stands at 320,000 b/d with exports amounting to between 200,000 and 250,000 b/d. The increase has undergone some considerable cost changes since, in May 1974, Petromin, the State oil and mineral resources organisation, first decided to conduct studies on it (under the name Fluor. This treats high-pressure gas from a gas-oil separator plant and is designed to recover 52,000 b/d of NGL from a gas throughput of 600m. cubic feet/day. Initially its production was in the range of 400m. cfd (reflecting a crude oil production of between 900,000 and 1m. b/d from the Berri field). Initially it separates the gas into two streams—one NGL for Ras Tanura and the other high quality residual gas to be used as an industrial fuel.

Since then, however, an addi-

tional number of uncertainties have been introduced. First, Foster-Wheeler (U.S.) and Juraynah to produce propane, butane and natural gasoline for exports and the ethane would be pumped to Jubail for feedstock.

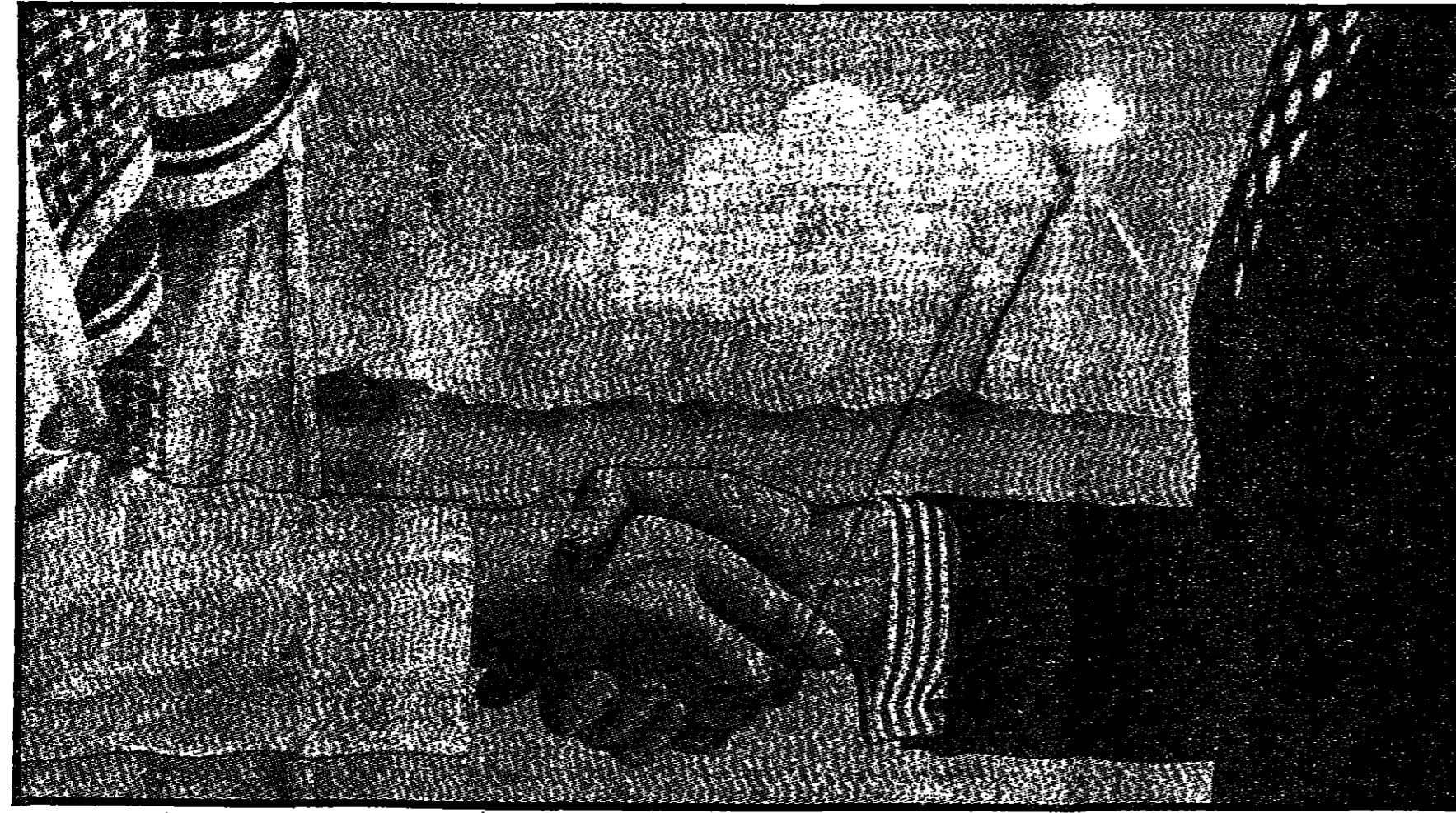
The final input is reckoned a 5.5bn. cfd of associated gas but at present only 4bn. cfd could be captured of which 2.5bn. cfd of residual gas would be used for industrial fuel, while 750m. cfd would be used for gas injection and the same quantity for flaring. It is also to produce 400 b/d of ethane, 650,000 b/d of NGL and 4,000 tons/day of sulphur (all below the original estimates for the final production).

However, it is still reckoned, as schedules slip by reflecting changes in official assessments of oil production levels and the demands of potential users, that costs of the whole mammoth project could be as high as \$20bn. Aramco expects a final decision within a few weeks.

Anthony McDermott

Refineries, petrochemical projects, cement factories, aluminium smelter, fertiliser plants and an iron and steel complex are some of the public sector projects under consideration or being implemented. The private sector is also active, especially in joint ventures with foreign companies.

What makes two into one?



The Arab world is the richer for a new and powerful bank, the Albank Alsaudi Alhollandi. As the name suggests the Saudis and the Dutch have joined forces to create a new bank. This marriage of Dutch international banking expertise and Arab wisdom and influence promises to bring many benefits to Saudi Arabia.

The Dutch partner in the new bank is Algemene Bank Nederland which has been in business for 150 years and has already been established in Saudi Arabia for 50 years. In addition, the ABN-Bank has vast know-how throughout its offices in 40 countries on the five continents.

To this fund of banking knowledge Saudi Arabia now adds its potential and its Arab influence, together with the value of local Arab involvement that offers so much to the international businessmen.

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مكتب العمل

ISLAMIC CALENDAR

This is based on the Hijrah, the migration of Prophet Mohammed from Mecca to Medina which took place on July 16, 622 AD, which is year one in the Islamic Calendar. It is the official Calendar in Saudi Arabia. The Calendar is lunar, and each year has 354 or 355 days, the extra day being intercalated 11 times every 30 years.

There are twelve months:

1. Muharram	30 days	7. Rajab	30 days
2. Safar	29 days	8. Shaban	29 days
3. Rabia I	30 days	9. Ramadan	30 days
4. Rabia II	29 days	10. Shawwal	29 days
5. Jumada I	30 days	11. Dhu'l-Qad'ah	30 days
6. Jumada II	29 days	12. Dhu'l-Hijjah	30 days

The Hijri year begins on the day of the month indicated:

ISLAMIC	CHRISTIAN	ISLAMIC	CHRISTIAN
1390	1970	March 9	
1391	1971	February 27	
1392	1972	February 16	
1393	1973	February 4	
1394	1974	January 25	
1395	1975	January 14	
1396	1976	January 3	
1397	1977	December 23	
1398	1978	December 12	
1399	1979	December 2	
1400	1980	November 21	
1401	1980	November 9	

Festival dates are determined by the moon, and there are many local differences. It is therefore advisable to avoid them (especially Id al-Fitr) by some days both before and afterwards.

Mawlid al-Nabi (Prophet's birthday)	February 20
Leilat al-Miraj (Ascension)	July 3
Ramadan begins	August 4
Id al-Fitr (end of Ramadan)	September 4
National Holiday	September 12
Id al-Adha (Feast of the Sacrifice)	November 14
1st Muharram	December 1
Ashoura	December 12

FINANCIAL YEAR

This is of 12 months duration, but begins in Rajab, the seventh month of the lunar Hijri year. Thus the year 1396-97 lasted from June 23, 1976, until June 17, 1977, and the year 1397-98 will last from June 18, 1977 to June 7, 1978.

Heavy industry

ONE DREAM at least in Saudi Arabia came true last week. The foreign steel companies, including the Government (which subscribed to the \$170m. ex-some proposed ventures) and the privately owned Saudi Basic Industries Corporation, saw the development of the downstream industries using hydrocarbon resources. The missioning of the \$170m. expansion which makes the plant Juffali and Brothers have built preliminary feasibility studies for the biggest producer in a joint venture assembly plant in co-operation with potential partners in the Middle East.

"It really is like a dream come true. When I came here in 1958 there was nothing but desert. When we went into production in the 1960s I never thought we would have all this," he said, pointing to a plan of the integrated computer control system.

The \$170m. investment in the latest West German equipment means that one man in the cool gleaming computer room will be able to monitor the entire operation, from the limestone quarrying to loading trucks or trains with bagged cement. The plant will soon produce 4,500 tons a day, equivalent to 1.4m. tons a year, which is twice the combined production of the two existing plants at Jeddah and Riyadh.

Al Hofuf is a dream turned into reality, but industry elsewhere in Saudi Arabia remains confined for the most part to plans for the future. The Kingdom is desperately ambitious to build up its heavy industry and is determined to become a major petrochemical producer.

Among projects now at various stages of discussion with different potential technical partners are: an export refinery and petrochemical complex at Yanbo on the Red Sea (Mobil); an export refinery and petrochemical complex at Jubail (Shell); three further petrochemical complexes (Exxon, Dow Chemical and Mitsubishi); another refinery (Caltex); two methanol plants; two nitrogenous fertiliser plants; an aluminium smelter; and an iron and steel complex. These projects are divided between SABIC, the Saudi Arabian Basic Industries Corporation and Petromin, the General Organisation for Petroleum and Minerals.

The private sector also has ambitious plans, though entrepreneurs have been slow to move into heavy industry, eschewing huge capital outlays and the longer wait for a return on investment. The Saudi Cement Company anticipates that the Kingdom's 5m. tons consumption of cement last year will rise to 10m. tons by 1980 as indicated in the five year plan. It is setting up a Saudi-Bahraini company which will produce 6,000 tons of cement a day at its first stage in 1979, the plant being built north-east of Al Hofuf.

Planned private sector plants which involve such entrepreneurs as the Alireza family, the Ankari family and Ghath Pharaon's company, Redec, are

CONTINUED ON NEXT PAGE

DOUGLAS

IN SAUDI ARABIA

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As the world's second biggest oil producer—after Russia—and the largest exporter, Saudi Arabia has a strong voice in the councils of OPEC. It has used this, successfully, to urge moderation in price increases. In the Kingdom itself discovery of new reserves continues to outstrip the physical offtake.

Oil production

SAUDI ARABIA last December drop in reservoir pressure, per cent. of the total, followed by announced that a 65 per cent. barrels) or Abqaiq, are over, once again emphasised its key role in the Organisation of Petroleum Exporting Countries (OPEC) by forcing its fellow members at the Caracas meeting—notably including the Shah—to adopt its line that there should be no price rises for another 12 months. This is additional in the face of the dollar's weakening. Saudi Arabia has said on several occasions that it was not out of the dollar as a means of oil payments, but like others it is studying the relationship between the dollar and Special Drawing Rights of the IMF as an alternative method of payment.

At Doha in December, 1976, Saudi Arabia had again played an important role, as it can as second world producer after the Soviet Union and largest exporter, at an OPEC meeting held out, with the United Arab Emirates (UAE), for a 5 per cent. price rise against the other 11 members who wanted an initial 10 per cent. rise followed by another 5 per cent. later in 1977. In June a compromise was reached whereby the 11 upper tier agreed to forgo the extra, and Saudi Arabia and the UAE agreed to ring their prices up to 10 per cent. more than those prevailing at the time of the Doha conference.

Circles

The Saudi Government announced it would raise its oil production ceiling from 8.5m. barrels/day to 10m. b/d. to ensure there was sufficient oil in the market to keep prices down. However, Saudi Arabia is only partially successful in its, which led to some controversial and unproven accusations—reflecting on Aramco's technical abilities—about water encroachment into wells, saltwater corrosion, of water is exported. In 1976, Japan imports and pipelines, and a was the main importer with 19.3

These have been firmly and convincingly denied (although corrosion is known and admitted to be a long-standing local problem). However, it is the view in some diplomatic circles that where Aramco might have been at fault was in not telling the Saudi Government informed that it could not keep production on a sustained basis at the required 10m. b/d ceiling because of technical bottlenecks, even though the installed hardware is there.

It has to be added that Aramco had some serious misfortunes. During the first two months of 1977 had weather hampered loading at the terminals, and in May a fire damaged pipelines and a key pumping station in the Abqaiq field, the third largest, which resulted in the loss of between 2 and 3m. b/d and damages of around \$100m. In September, Sheikh Ahmed Zaki Yamani, the Minister of Petroleum, announced that production was to be limited to a 8.5m. b/d ceiling, which is being sustained throughout this year. Nevertheless, production in 1977 totalled 9.20m. b/d, of which the contribution of the Arabian-American Oil Company—Aramco—was 9.02m. b/d; the remaining 187,500 b/d came from Getty Oil Company and the Arabian Oil Company, operating respectively onshore and offshore in the Neutral Zone shared with Kuwait. This marked a rise in total production of 7.8 per cent. over the level of 1976, which was 8.58m. b/d. Production levels in Saudi Arabia's reserves, according to Aramco, are 110.2bn. barrels proven (that is recoverable with present technology) and 177.5bn. barrels probable. The Government estimates the proven reserves highest at 151.4

bn. barrels. Last month Sheikh Yamani reserves estimated at 25bn. (200,000 tonnes/year), ethylene

of the crude produced at the Abqaiq field, which were Soal, Texaco, and Exxon and shut down in 1976, the latter 4 per cent. for Mobil have been brought back on in their final stages. Under the stream, increasing considerably terms of a "general accord", reached in March, 1976, it was the production of medium crude, reached after the 100 per cent. takeover, the four com-

panies would continue to run oil production operations for the Saudi Government and would be paid an administrative fee of 15 cents as operating fees and 6 cents as exploration fees. They would continue to lift the bulk of the crude produced at the Abqaiq field, which were Soal, Texaco, and Exxon and shut down in 1976, the latter 4 per cent. for Mobil have been brought back on in their final stages. Under the stream, increasing considerably terms of a "general accord", reached in March, 1976, it was the production of medium crude, reached after the 100 per cent. takeover, the four com-

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pany which may be saturated by the time projects come on stream. Saudi strategy is to give foreign companies a large stake in the programme, not just as managers and market advisers but as equity participants. Government planners know that if Western nations move on the defensive to protect their own petrochemical industries, future viability will depend on the backing and involvement of the international companies.

Critics in the petrochemical industry point to the following marketing issues: the local market for Saudi products is tiny compared to investment and output, regional rivals like Iraq and Iran and other Gulf states

are pursuing their own petrochemical developments, the world market is dominated by Western industrial nations which could ill afford the entry of a newcomer, particularly if Saudi Arabia manipulated profit margins by juggling with feedstock costs and invisible subsidies.

The companies in the joint ventures want to make certain that their planned products would not be uncompetitive on the free market because of unacceptable levels of productivity and high cost maintenance.

A.M.C.D.

Industry

CONTINUED FROM PREVIOUS PAGE

examining the market mainly glycol (200,000 tonnes) and agreed to investigate the chances of using local iron ore deposits in Wadi Sawin at some time in the future. A feasibility study will come from an adjacent refinery.

SABIC-Dow Petrochemical hopes to construct a 400,000 tonnes/year operation with a product mix including low density polyethylene (200,000 tonnes) and ethylene glycol (300,000 tonnes). SABIC-Exxon Petrochemical is aimed at a 240,000 tonnes low density polyethylene plant.

Metallurgical hopes are pinned on two projects, an iron and steel plant and an aluminium smelter. SABIC has signed an agreement with Korf-Stahl for a joint venture which could produce 800,000 tonnes/year of iron by the direct reduction process if the current evaluations prove satisfactory.

Further advanced is a 50-50 joint venture with Mobil Oil, called SABIC-Mobil Petrochemical, which is proposing to construct an ethylene based complex at Yanbo. The product mix currently being examined. A contract between the Department of Minerals and British Steel Corporation has been

of the clout which Saudi Arabia could bring to bear to persuade the critics of its petrochemical

aluminium smelter does not dreams that the Kingdom will attract a just case in its downstream

of a foreign company, and SABIC's ambitions and that future production would represent a proportion of world output small enough for western producers to live with. It is not Saudi

style to brandish openly its

Chemical fertilisers have been discussed with various foreign companies including Britain's guardian of OPEC's main oil

L.C.I. But the most advanced discussions have been with the Taiwan Fertiliser Company. Talks are officially said to be aims. Discreet reminders from

the negotiation stage." The within the Kingdom of the

joint venture with the existence of the oil deterrent Taiwanese would be for an have been echoed by Mr. Muhammed Ali Jaidah, Secretary-General of OPEC, who has

Industrialisation are tied to the of new petrochemical construction between oil producing states developing world is redressed, and the industrialised West "member countries would have

Saudi Arabia is determined to participate in oil-related downstream activities and has a big political stake in pursuing plans

for a petrochemical revolution. Both the Government and the

Michael Tingay

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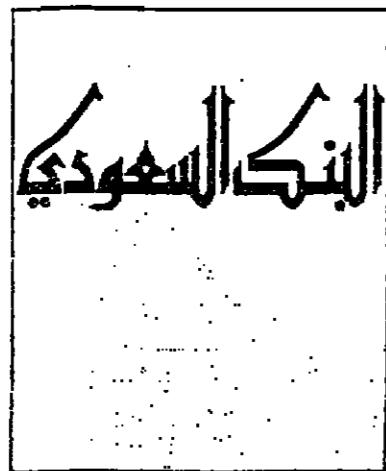
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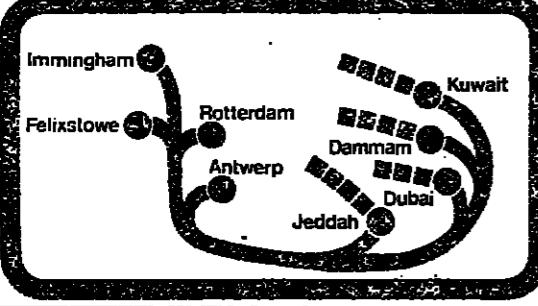
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FEW BUSINESSMEN would actually used to mean second ties—such as the local service ever claim that working in Saudi Arabia is easy. There are the tiring and frustrating problems of the Kingdom's inadequate telecommunications system (the most conspicuous remaining bottleneck), the elusiveness of clients, the bureaucracy and delays involved in dealing with the government, and the daunting scale of logistical operations in the contracting industry—to name just a few of the difficulties. Yet in many respects the market itself in Saudi Arabia is relatively straightforward. It is a country where consumers (and some private sector buyers of capital equipment) can be very unselective, where the simplicity of a product is all important and where advertising is in its infancy. The Kingdom is not a market where success in selling consumer goods depends on anything very sophisticated or complicated.

One of the most impressive features of the market—and a good starting point when defining its character—is the extraordinary brand consciousness of Saudis. To a much greater degree than happens in the West people refer to a product by the name of a popular brand, which results in milk powder being known as "Nido," sewing machines as "Singers" and, until recently, pens as "Parkers." This brand consciousness, which seems to have spilled over into the expatriate community, is accompanied by a similar acute awareness of the origin of products, possibly because the nationality of the brand is not disguised by local manufacturing operations as it often is in the West. Inevitably certain exporting countries, particularly America and to a lesser extent Germany, acquire a reputation for quality, while others' goods are regarded as inferior. At one time in Saudi Arabia the word "Japan" was

make one product a better buy than another. With washing machines, for instance, a customer may need to be told that she should compare the different models and enquire how many programmes each has. It looks like an additional popular endorsement of a favoured model or brand. Then rather than wait for the shortage to ease and new stocks to become available, buyers will try to bring influence to bear on the distributor in order to get to the top of the waiting list.

The general ignorance of customers stems partly from the fact that people in the Arabian Peninsula do not go window shopping—which has a vicious circle effect in encouraging extremely poor window displays, which in turn provides a further disincentive for window shopping. Also, because of the huge influence of some sections of the population, people may be much more careless about buying and, compared with the European buyer, know much less about why they want or need a particular product. With their lack of definite buying motives Arabian consumers are often described by salesmen as being like a certain type of American consumer—with the important difference that the Arabian buyer has not been encouraged to make an unnecessary purchase by advertising.

This rather blind indiscriminate buying pattern shows, up to a lack of responsiveness to price changes—a feature of the market which is of some concern to the Ministry of Commerce because of its inflationary effects. Rather than change brands or switch from one commodity to another when the first item is in short supply and much more expensive, consumers will stick rigidly with their first choice regardless of price. A year or so ago this happened with Mercedes trucks in the Arabian Peninsula, marketing being the trucks driven by every man of the big merchant groups in the Kingdom. (Interestingly, a truck driver's wife is telling a customer what is the modern fleet owner or the foreign construction company, and what other qualities

pany using its own trucks that follow a proper maintenance schedule for their cars and household appliances—and the same can be said in many cases with lifts and central air-conditioning systems in big buildings. Generally the public does not believe in making repairs and looks like an additional popular endorsement of a favoured model or brand. Then rather than wait for the shortage to ease and new stocks to become available, buyers will try to bring influence to bear on the distributor in order to get to the top of the waiting list.

Predictably, in a market where reputation is spread by word of mouth and buying example—is everything, the two most important factors in a company establishing its brand name are the simplicity of the product and the service backup. Generally the Arabian buyers of consumer durable goods are bad at using machines and are not inclined to read instructions. Distributors of such goods as washing machines and dryers often find that the goods they have sold are returned to their showrooms broken a day or two after delivery. Many distributors now send a mechanic to demonstrate the machine in the buyer's home, and because this involves personal contact rather than the impersonal reading of an instructions manual, the lessons are more likely to be effective. The merchants point out that there is generally in Arab society a preference for asking rather than reading, and this applies as much with notices giving directions in buildings or on roads (which may often be ignored however prominently they are displayed) as it does with technical handbooks. This trait in the Arab character is probably a major reason why existing advertising media in Saudi Arabia are so ineffective.

As part and parcel of their non-mechanical mindedness, many agents have fallen into the trap of persuading themselves that they should start with small service facilities and then expand the scope and quality of the operation if and when sales begin to grow. This inevitably leads to the early buyers of the product getting a bad deal and giving the product a bad reputation. In most cases foreign operations themselves are reluctant to invest in service facilities in the Kingdom, but a classic example of the benefits which have gone to some of the exceptions is provided by Komatsu, the Japanese manufacturer of construction equipment. When the company found that its agent was reluctant to invest in adequate service, it set up its own operation, and from being virtually unknown in Saudi Arabia several years ago it now ranks as the number two equipment supplier after Caterpillar.

aarp

"An Introduction to Urban Patterns in Saudi Arabia: the Central Region" by Mousa, Shaker and Mardly. Price: £3.50, \$7.50, SR40.

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An international task force

مكتب العمل

Water supply has always been a problem in Saudi Arabia. The traditional solution lay in emigration — now the tide has turned, and the influx of population is adding to the continuous need for agricultural water.

Water supplies

SAUDI ARABIA was blessed return tide of hundreds of head as people in the country earlier this year with the largest thousands of foreigners who side. lake in the Arabian Peninsula. have been drawn in by the

The six year old Jizzan Dam bottled up, albeit for a few weeks, more than 50m. cubic metres of water—theoretically enough to water Jeddah for a year. Without the dam this lake would have been a huge flow of water surging to the coast in an orgy of destruction of farms, roads, valuable soils, machines, animals and anybody unfortunate enough to be in the way.

The harnessing of half the million cubic metres of flood water from two nights of torrential rain high in the Asir Mountains marks the greatest success so far of Saudi Arabia's ten year old dam building policy. But the ephemeral Lake Jizzan perfectly illustrates the conundrum of the country's hydrological difficulties. It is not simply that this vast arid land receives only 30 to 100mm of rainfall a year but that water is available at the wrong time in the wrong places in the wrong concentrations.

Responding, apparently after several years of uncertainty, to these harsh geographical realities the government has clarified its policy and priorities for optimum use of limited water supplies. The issues are simple: deciding on the best distribution and balance between immediate human consumption and use for food production; between urban supplies and agricultural water; between fresh water from aquifers underground and desalination plants by the sea. Above all, the priority is to minimise wastage.

Historically Saudi Arabia has exported the people for whom the desert has been unable to provide. Since the time of the prophet Mohammed, Arabs have left the Peninsula at different periods in waves spreading across what is now the Arab world. For the first time the desert's limited water resources are having to cope with the 5 to 10 times as much water per

for resources in the central and eastern areas.)

The physical dimensions of urban expansion also hold the huge Umm er Radh special problems for water distribution. One Saudi official stores a vast volume of fossil huma aquifer system, which pointed out that in Riyadh the water (never younger than 10,000 years stretching from the centre) has produced a series of satellite suburbs many miles outside the old city limits and country down to the Empty Quarter. Overall, there's an agricultural brief (they are also looking at soil resources) but the urgency of the Kingdom's urban supply problem is such that they are better known for time to members of the local tribes. One disadvantage of the dams is that silt, a proportion which was formerly deposited on the wadi (dry river) bed, now remains behind when the temporary lakes evaporate.

Another dam at Abha has provided guaranteed drinking water (a storage and purification plant is installed) for the first

costly scheme 100 kilometres east of Riyadh to pipe 200,000 cubic metres of water daily to the capital by 1980. (Last year Riyadh was using 150,000 cm a day from smaller aquifers north and west of Riyadh.)

While foreign consultants have been assessing resources in relation to future needs, the Government has continued with its programme of creating a modern hydrological infrastructure. In the past ten years 45 small dams have been completed and 13 are currently under construction. With a 10bn. riyal budget on water development over the next four years (excluding desalination projects which are budgeted separately) the Government intends to build ten new dams a year.

The purpose of these small dams is primarily to hold back periodic flashfloods which can be catastrophically destructive. Additionally, they store water for limited periods, prevent loss through evaporation from the

urban way of life—so difficult fields." It is here that Saudi capital

can introduce modern know-how, technology and planning. One of a number of studies to quantify more exactly existing resources is currently being done by the British groundwater workers to American executives) who have arrived in Saudi Arabia in recent years. Jeddah is now 50 times larger than it was ten years ago. People in the construction boom or is being set quietly aside by those with an eye to land speculation.

In addition there is external momentum from 1 to 2m foreigners (from casual Yemeni workers to American executives) who have arrived in Saudi Arabia at different times in waves spreading across what is now the Arab world. For the first time the desert's limited water resources are having to cope with the 5 to 10 times as much water per

Wadi dam has more than twice the capacity of Jizzan and the possible use of icebergs for water supply were rapidly

metamorphosed in the world's

Press into firm plans to tow

icebergs to Jeddah.)

Desalination plants currently produce rather less than 70,000 cubic metres per day (more than 18m. gallons). This is intended to rise to 114,000 ccmpd (30m. gallons) by the end of this year and more than 400,000 ccmpd (105m. gallons) by 1981.

The main plants are at Jeddah (where the 38,000 ccmpd second stage expansion was completed in November last year), Al Khabar 28,000 ccmpd (7.5m. gallons) rising to 190,000 ccmpd after three years and the new ports of Yanbo (19,000 ccmpd by 1980) and Jubail (114,000 ccmpd by 1980).

To put these figures into perspective it is thought that

the independent budget for the the daily requirements of Mahmoud Tayba, travelled to Water Desalination organisation Riyadh will reach 600,000 ccmpd Pakistan early this year to complete is SR2.2bn. which is almost as by 1981 with 400,000 ccmpd for the contract, where he large as the total spending of should be connected to Al Wasia the \$70m. project could be completed within 20 to 24 months, Water Resources last year.

One popular misconception which has arisen is the notion that one day desalination could provide all the Kingdom's water needs. This is not so. Desalination is complementary to rainfall and groundwater resources. (One consequence of fanciful reporting was last year's dismissal of Prince Mohamed al Faisal from his job overseeing water development. His expressions of Saudi willingness to contribute to international research into the possible use of icebergs for water supply were rapidly

over and Dr. Algosabi himself said that the cancellation had served its purpose, since there Jeddah's natural sources had been a noticeable drop in water. Such supplies, which are currently provided by aquifer, are not usable for agriculture. The Baha project has been completed and currently provides 5 per cent of total urban supplies. Specialists say that desalination is unlikely to provide more than 20 per cent of town water supply, as well as well within schedule. This episode has now blown over.

Most city supplies come from aquifer and rainfall though said that the cancellation had served its purpose, since there

desalination plants from current over and Dr. Algosabi himself

water supplies. This winter's

separate downpours in December (when 56mm fell in 24 hours) and February 23 and 24 when the city was brought

virtually to a halt by 70mm of rain. All the petrol stations in the world could do nothing to avoid this disruption. Even if

a billion rival sewage system were installed to drain away

such a diurnal deluge the sewers would be totally clogged

during the year.

Short-term

Other short-term projects include the electrification of villages along the main pilgrimage routes and of 75 isolated

settlements as well as a rural electrification programme for

the electrification of whole regions and their integration into a single-voltage national grid, which will be both more

reliable and less wasteful of valuable labour than the present systems, will not be realised in the course of the second five-year development plan. But

emphasis on the development of bulk supply from water desalination and natural gas makes the achievement of a

national grid inevitable.

The first major desalination plant, commissioned in Jeddah in 1970, is now well into its second phase with a capacity of 130MW. By the end of this

year that capacity will have increased by an additional 200MW, and after three years by a further 500MW. According

to Essam Jamjoom of the General Desalination Authority, the total capability planned for the Western seaboard is 2,000 MW, while on the east coast

plants from Al-Khatij in the north to Al-Aziziyah south of

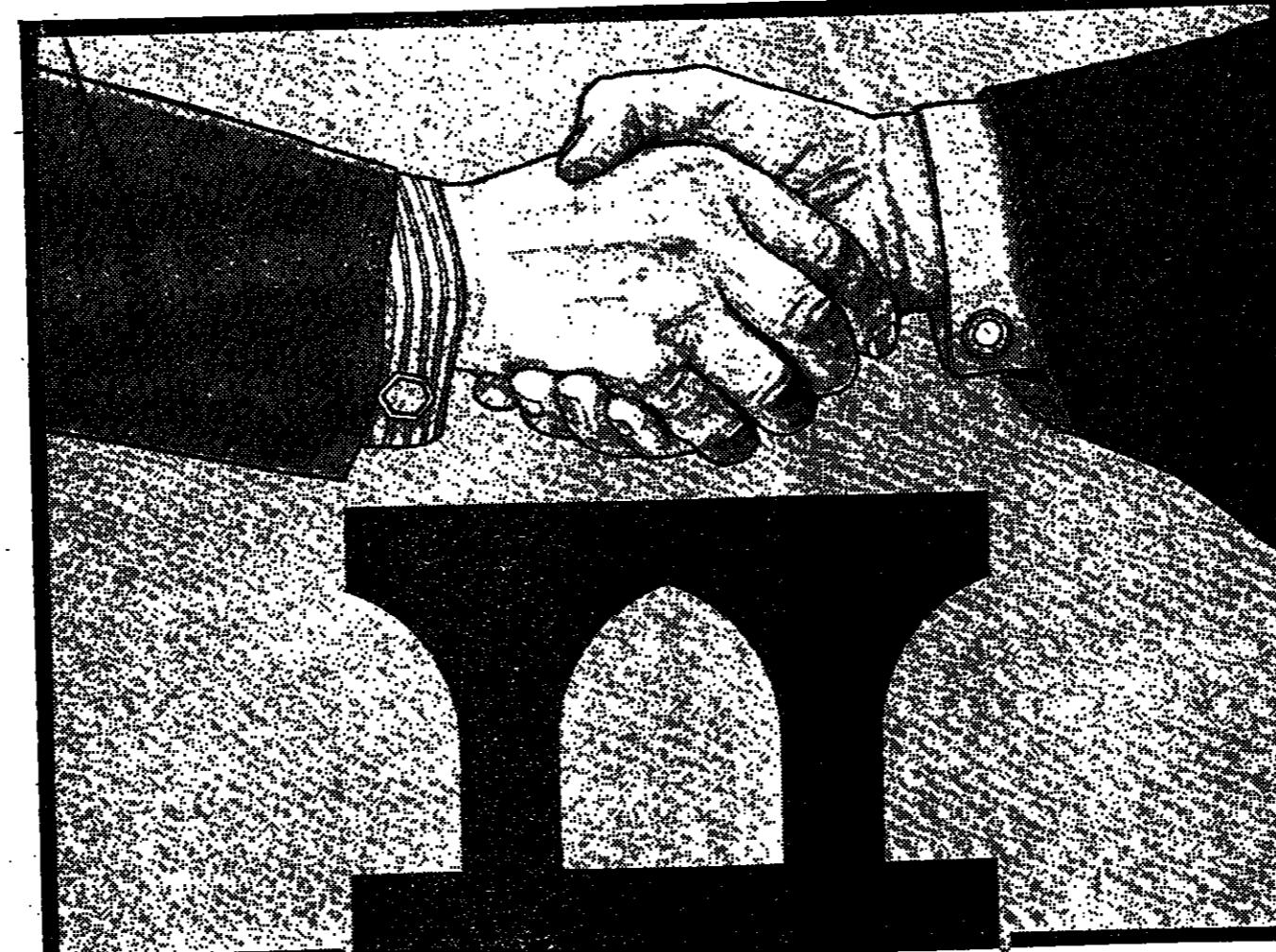
Al-Khobar are to have a combined installed capacity of 3,000MW. As part of this pro

gramme, the Italian company GIE was awarded a \$280m. contract in October for a 500MW project at the industrial complex at Jubail.

Jamie Buchan

CONTINUED FROM PREVIOUS PAGE

Electricity



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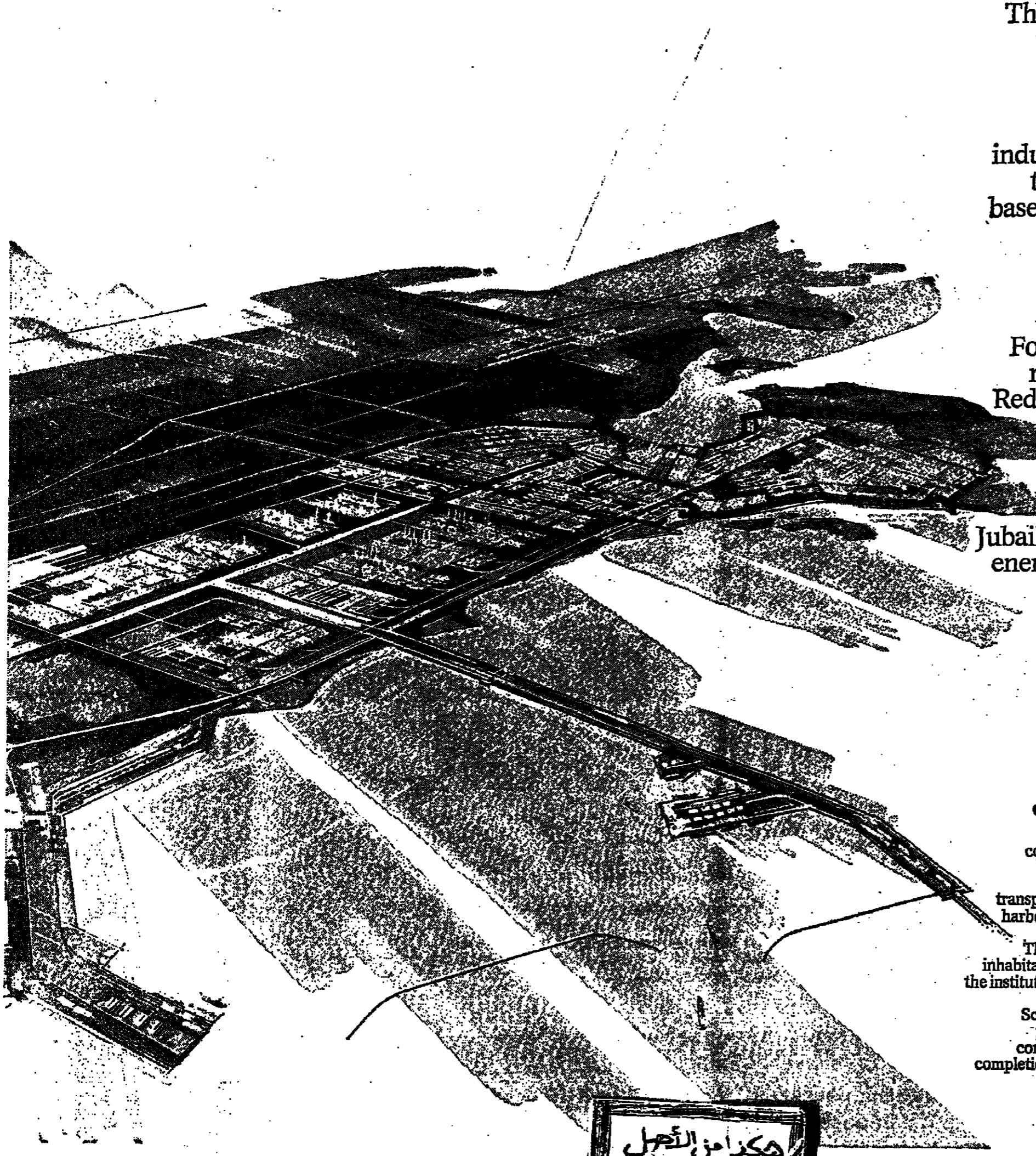
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JUBAIL

two major industrial projects of Saudi Arabia's future



The Kingdom of Saudi Arabia has an expendable source of wealth, and the day will undoubtedly come when that source is finally depleted.

In recognising this irrefutable fact, the Saudi Government has long been determined to ensure that the source of the nation's future wealth and prosperity for its citizens by converting its present wealth into a sound productive base.

This, given the geography and infrastructure of the country, means a programme of rapid but carefully planned industrialisation.

The long-term objective is one of diversifying the Kingdom's industrial base, thus enabling Saudi Arabia to realise a greater measure of self-sufficiency.

In the short-term, however, efforts towards industrial development are being concentrated on two main areas: the setting up of hydrocarbon-based industries which can make maximum use of

Saudi Arabia's natural resources, and the establishment of industries that are not only economically feasible but add to the country's national security and social prosperity.

For these very reasons, the two widely separated regions of Jubail on the Gulf and Yanbu on the Red Sea coast were chosen so as to strengthen the economic ties between the eastern and western ends of the Kingdom, and a

Royal Commission was established to implement their industrial development.

Jubail was chosen mainly for its proximity to cheap energy sources, which could also supply basic raw materials to the petrochemical industries destined to be set up there.

JUBAIL

The total area for the Jubail project and adjacent community facilities comprises 170 Km² with an additional 730 Km² to allow for future expansion.

It is planned that the Complex will include nine major industrial plants; modern power, water, and waste treatment systems; a comprehensive transportation system that incorporates an international airport and a major new harbor complex; a regional telecommunications system; an extensive manpower training center; and a complete new community.

The estimated support population for the town is expected to exceed 200,000 inhabitants. The support industry, the infrastructure facilities, the urban design and the institutional structure will provide the quality of life and the human and industrial growths aimed at with the inception of the industrial complex of Jubail.

Scores of contracts have already been awarded and scores of others are being planned for the short and the long terms of development. Site preparations, construction camps, water supply systems, roads, ports are at various stages of completion. Construction has been under way at Jubail for the last two years and the beginnings of a town and its people are taking shape.

Yanbu on the Red Sea is an excellent geographical centre from which to export products to Europe and the Far East. The Kingdom's east coast provides the energy and petrochemical future in Yanbu. The choice of Yanbu as the site for the new industrial complex is a major decision which aims to bring the benefits of economic development to the regions to the east of the Red Sea population.

Apart from the industrial development, these two regions will benefit both economically and socially. For example, the new industrial complex will facilitate the development of oil fields and gas fields in the Yanbu area. Yanbu will be a major industrial and port city, providing direct links with the Red Sea and the Gulf. The new industrial complex will also facilitate the development of the Yanbu area, which is a major industrial and port city, providing direct links with the Red Sea and the Gulf. The new industrial complex will also facilitate the development of the Yanbu area, which is a major industrial and port city, providing direct links with the Red Sea and the Gulf.

ANBU

The Yanbu Project is a major industrial complex for the production of petrochemicals, including a large petrochemical plant, fertilizer plant, and mineral processing facilities. It is planned to be completed in 1985, with a total investment of \$150 billion. The project will create thousands of jobs and stimulate the economy of the region. The Yanbu Project is a major industrial complex for the production of petrochemicals, including a large petrochemical plant, fertilizer plant, and mineral processing facilities. It is planned to be completed in 1985, with a total investment of \$150 billion. The project will create thousands of jobs and stimulate the economy of the region.

YANBU

ria projects at the heart ria's future development

Yanbu, on the other hand, was selected for its excellent geographical location which makes it an ideal centre from which to export petrochemical products to Europe via the Suez Canal. In addition, oil and natural gas pipelines connecting the Kingdom's eastern and western regions would provide the energy necessary for running all basic and productive and petrochemical industries scheduled for the future in Yanbu.

The choice of these two separate regions is in keeping with Saudi Arabia's overall development policy, which aims as far as possible at spreading the benefits of economic growth throughout all regions, to the ultimate benefit of the entire population.

Apart from the obvious advantages that will accrue from these two massive projects in pure industrial development terms, a great number of fringe benefits, both economic and social, will be forthcoming. For example, in both regions these projects will facilitate the training of tens of thousands in many fields and thus will create for the future a valuable core of highly skilled craftsmen, not only involved directly in the main industries at Jubail and Yanbu but also in such ancillary industries as

Both the projects, under the guidance and control of the Royal Commission, are powerful examples of the foresight and responsibility of His Majesty King Khaled and his ministers in taking positive and far-reaching steps to see that the future of the Kingdom and its peoples relies less on irreplaceable natural resources and external economic factors and more on the establishment of a firm and expanding industrial base within the nation itself.

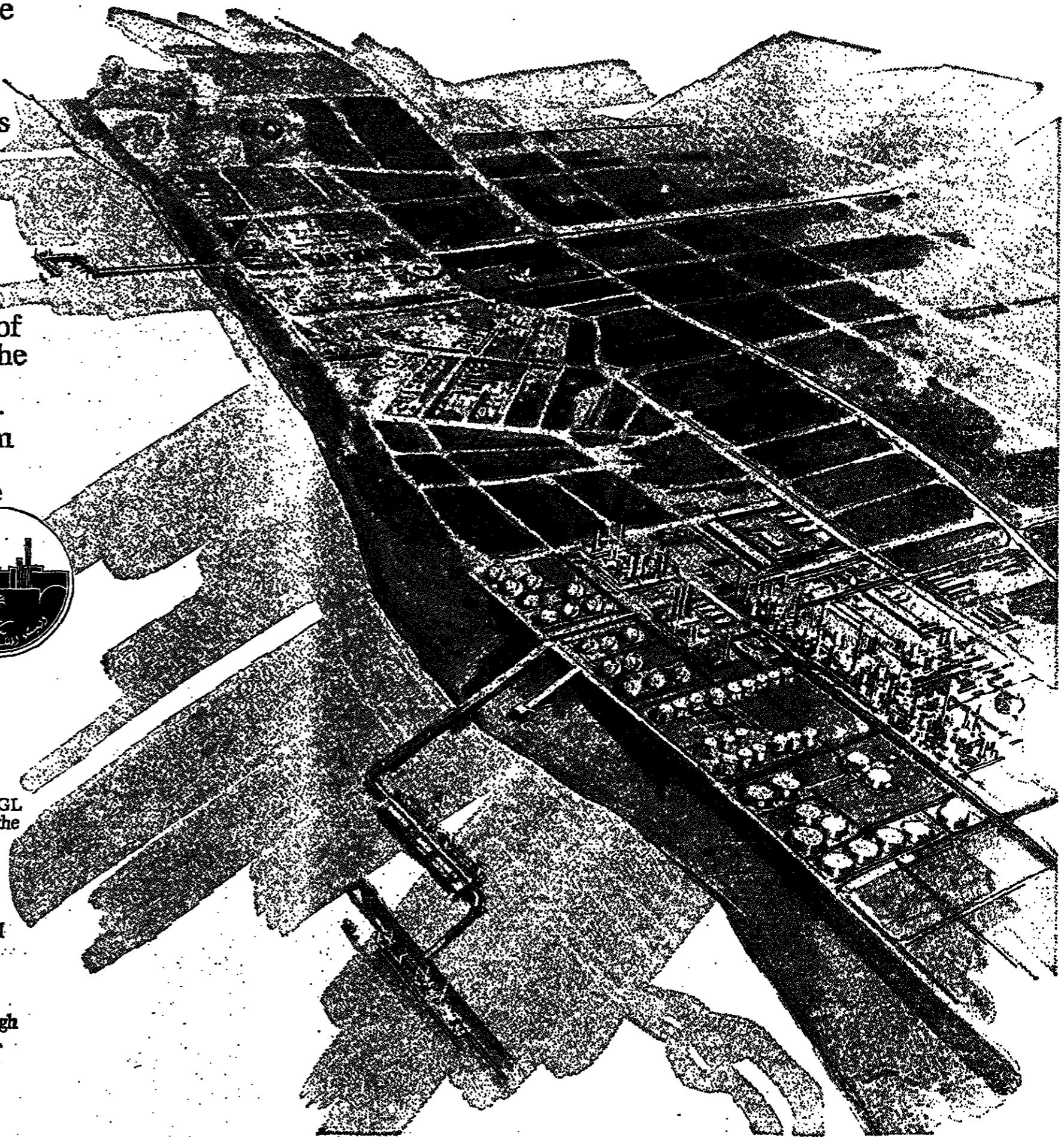
The Royal Commission for Jubail & Yanbu



YANBU

The Yanbu Project covers an area of approximately 190 Km² and will provide infrastructure facilities for a wide range of industries, including a crude oil terminal, an NGL fractionation plant, refineries, a petrochemical complex, support industries and, in the long term, ore and mineral based industries. Support facilities to be provided by the Royal Commission will include a new community for 150,000 inhabitants to house the population generated by the industrial development; a major port complex to meet the specialized requirements of the hydrocarbon and future industries, a new airport and an extensive road network, as well as all the necessary utility systems that will serve both the industrial complex and the community development: integrated power and water generation and distribution systems, waste treatment and disposal system and telecommunications.

Major construction support projects have been under way on the Yanbu site since March 1977, the most notable achievement being the temporary port facilities through which the crude and NGL pipelines are currently being imported into the Kingdom.



SAUDIA'S UNPRECEDENTED GROWTH

According to data recently compiled by the International Air Transport Association (IATA), Saudi Arabian Airlines ranked first among the 107 IATA member airlines, with a 7% increase in passengers carried during 1976, compared to 1975. An even greater increase of 1,770,000 in 1977 brings the total passengers carried last year to 4,700,000. The 6,400 passengers expected in 1978 will be six times the one million or so passengers carried by Saudia just five years ago in 1973.

Taking off from small beginnings

Saudia has advanced a long way since 1945, when the airline's formation with 3 Dakota DC-3's replaced primitive means of long distance travel across the Kingdom.

Communications inside the Kingdom were revolutionised when King Abdulaziz bin Abdulrahman Al-Faisal Al-Saud, the founding father of Saudi Arabia, put to good use a DC-3 Dakota presented to him by the late President F. D. Roosevelt on 27 May 1945. The acquisition of two more DC-3's in the same year marked the true start of domestic airline operations in Saudi Arabia.

The possibility of travelling comfortably and avoiding the lengthy land routes traversing the Kingdom decreed instant popularity for the novel form of air transport. Saudia's activity in the early years was to carry passengers and mail – somewhat irregularly – between Riyadh, Jeddah and Dhahran.

When it became evident that three DC-3's were not sufficient to cope with the demand they had created, five DC-4's and five Bristol Freighters were added to the fleet. With thirteen aircraft of its own, Saudia was then firmly in business and on the path of an expansion programme that has continued uninterrupted ever since.

In the year 1962, which is regarded as a cornerstone in the history of the airline's development, Saudia decided to purchase ten Convair 340 that overnight put Saudi Arabia's cities within reach of each other in a matter of hours rather than days. The new aircraft also brought an unprecedented degree of comfort to air travel with their pressurized air-conditioned cabins, and provided convenient transport for Muslims on pilgrimage to the Holy Cities of Islam in Saudi Arabia.



Saudia goes International

With the airline starting to play a major role in the country's development, its worth was well proven and Saudi Arabia became increasingly air-conscious. More and more equipment was required, and in 1960 three DC-6 were purchased to start scheduled services to other Arab countries, to earn an even bigger share of the pilgrim traffic, and to move vital cargoes quickly and efficiently.

An important event in the history of the airline took place in 1963 when the late King Faisal pronounced by edict the formation of Saudia as a corporation, allowing it to operate as a commercial entity with its own Board of Directors.

In that year also a decision was made to purchase the world's then most sophisticated jet aircraft, and bring Saudia into the leading ranks of Middle Eastern airlines. With the acquisition of two new Boeing 720 B's, Saudia became the first airline in the Middle East to fly the big jets, and was able to extend its international network beyond the Arab countries.

In 1967 the airline had built up an exemplary safety record and standard of service when it was welcomed to membership of the International Air Transport Association (IATA). Two years earlier Saudia became a member of the Arab Air Carriers Organization (AACO) and various air travel associations.

Saudia began flights to Tripoli, Tunis and Casablanca in North Africa via Beirut and in so doing established the first direct link between the Arab East and the Arab West.

Also in 1967 the first European route serving Geneva, Frankfurt and London was opened.



A non-stop Jeddah to London service was inaugurated on 1 May 1968 using two Boeing 707 intercontinental jetliners. Then in 1971 a direct service between Jeddah and Rome was begun, and an all-cargo jet service between Europe and the Kingdom provided the fastest onward connecting service for transatlantic cargo.

In 1972 Saudia's services reached 49 cities in three continents, including a domestic jet network linking 20 centres in the Kingdom. Its jet fleet became the most modern in the Middle East, with two Boeing 707's, two Boeing 720 B's and five new Boeing 737-200's.

the most sophisticated twin jet of its size in the world.



To improve internal organization, Saudia opened its own Data Processing Centre in Jeddah, equipped with IBM 360/20 computers for use in its day-to-day business and long-term planning.

For the first time in a single year, 1973 saw Saudia carrying over a million passengers on scheduled services in addition to the many thousands of pilgrims and teachers carried on the airline's special flights. Saudi Arabia employs thousands of teachers from nearby Arab countries.

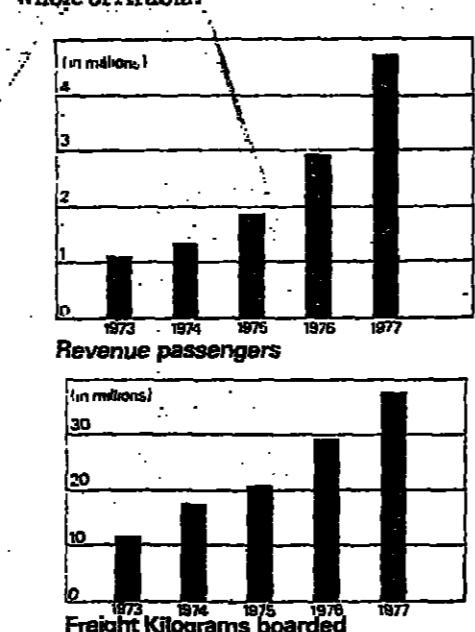
To celebrate thirty years of operation, in 1975 the wide-bodied long range jet TriStar was introduced. Thus Saudi Arabia was again the first M.E. carrier to enter the new jet age of wide-bodied aircraft. Also, domestic fares were reduced by 25%, to ease the burden of the travelling public. It was therefore not surprising that over the next year ten new aircraft were added to the fleet and domestic passengers alone skyrocketed by 80%.

To simplify this passenger movement and give more convenience to the customer the Arabian Express shuttle service was introduced in June 1976 between Jeddah and Riyadh. Immediate success brought load factors exceeding 80%, and the total passengers carried each month averaged 44,000. In August, the service was extended to the Riyadh - Dhahran sector.

The Arabian Express service with its frequent flights, minimal formalities, and reduced fares, has opened up domestic air travel to a much wider public, and it is expected that passengers carried per month will soon exceed 100,000 on the Jeddah - Riyadh sector.

Expansion continues

Last year saw further expansion throughout Saudiia. The number of passengers carried was increased by 60% and there was a similar increase in freight. A new passenger route was opened to Tehran and an "Airbridge" was established between the Kingdom and Bahrain in cooperation with Gulf Air. This airbridge with 18 flights every day coupled to the other Saudia services now provides rapid links east-west across the whole of Arabia.



Two Jumbo jets (Boeing 747's) were leased in June to provide direct flights from Riyadh to London five times per week, as well as



daily flights to Cairo. There are now 15 flights per week between the United Kingdom and Saudi Arabia.

Sophistication on the ground

To support this operational growth required an increase in employees to more than 10,000. Two-fifths of these employees are directly serving the customer at offices and airports spread over four continents.

Many recent improvements provide better service for the travelling public and cargo customers. An automated reservation system has been installed; new flight operations control centres have been established; completely modern freight handling methods have been introduced at Taif and Abha; Jeddah and Riyadh will have brand new cargo facilities this year; automatic flight management systems have been installed in the Lockheed TriStars; modern passenger facilities have been provided at Riyadh airport, and a new departure terminal has been equipped at Jeddah.

In space, high above the Indian Ocean and the Atlantic Ocean, two satellites transfer messages from Saudi Arabia to London and bring back the answers from a computer. The response time is less than three seconds which is comparable with or better than all other communications links of this type. This automatic reservations system replaces manual methods which used to handle the thousands of messages each day at great cost in time and effort.

Reliability is assured by using two channels of communications over the whole

route. Messages go by microwave and cable from Saudi Arabia to the master computer in London via either the Indian Ocean satellite or the Atlantic Ocean satellite. Earth stations in Riyadh and Taif transmit the ground signals into space.

In Saudi Arabia the system is online from the Jeddah Network Control Centre (NCC) to all the main Saudia reservation offices. The NCC is unique in its design and one of the most advanced in the world.

Passenger reservations from Saudia offices as far apart as Los Angeles, New York, Stockholm, Geneva, Casablanca, Bombay and Kuala Lumpur will be linked into the system by teletype. Soon the master computing facility will handle Saudia business from the United Kingdom and Egypt.

British Airways secured the contract for the automation of the Saudia reservations system. In competition with several major airlines with systems marketing experience, they were selected because they were large enough to provide all the necessary developmental support.

In Jeddah the airline has a computerised automatic call distributor system which is unique in Europe, Africa and Asia.

The ultra-modern communications network being established by Saudia will offer further attractive features. The master telephone system now integrates all Saudia telephones in Jeddah with central control of 1,800 extensions. Up to 14 operators can handle any incoming call so that optimum efficiency is obtained. There is an ultimate capacity of 5,400 extensions, with the necessary number of city exchange lines.

The next planned innovation is a "direct in-dialling" feature so that an outside caller can self-dial any Saudia extension.

Saudia's modern, growing base

At Jeddah international airport a spacious well equipped departure lounge was completed in 1976. Construction of a completely new departure terminal is now well advanced, and by 1980 the new International Jeddah airport will be operational.

Saudia operations planning moved to a new Jeddah control centre in 1977 with up to date facilities. In London, a flight operations centre was established 12 months ago. This provides round-the-clock coverage for all European operational functions including crew scheduling, crew briefing and flight planning. Other flight operations offices were established at Riyadh and Paris airports.

Currently under construction in Jeddah is a new operations training building which will provide completely modern facilities later this year. New equipment for flight simulation, crew procedure training and cabin staff training will be installed.

During the past two years Saudia has been developing a new housing complex for staff on the outskirts of Jeddah. Known as "Saudia City" it will eventually provide 3,000 homes and is already accommodating more than 300 families. A new Social, Athletic and Cultural Centre in Jeddah provides Saudia staff with a range of sports and other activities.

Just completed this month is an extension to Saudia's headquarters building to provide a much needed acre of additional floor space. (See below).

As well as passengers on scheduled services, every year a massive movement of pilgrims (Hajis) takes place when millions visit the Holy Cities of Mecca and Medina. In 1977, in conjunction with other airlines, over 500,000 Hajis were airlifted. In the smoothest ever operation of this type Saudia showed how its facilities could be expanded to efficiently handle this large extra number of passengers over a very limited period.

Saudia's specialist services

Saudia also caters for other special needs. Special Flight Services (SFS) is a separate division of the airline which operates a fleet of light aircraft. The division has the important job of carrying cabinet ministers and senior government officials on affairs of State. SFS also provides a charter service to remote locations in the Kingdom not covered by Saudia's scheduled services.

The addition of two Grumman Gulfstream jets in 1976 boosted the non-stop flight capability to 3,000 miles, and late in 1977 this highly successful venture was expanded by the addition of two more Gulfstreams.

From the plans laid in 1963, when the Air Cadet Programme was founded, training



activities have multiplied to keep pace with expansion. In 1977 the highest ever number of flight crew received training and Saudia now has 450 qualified pilots and engineers.

In addition to the usual training requirements associated with airline operations, Saudia is playing a unique role in manpower development. The airline recruits the majority of its work force from students at varying educational levels from junior high school graduates to university graduates. They are enrolled in programmes of two to seven years in duration and on successful completion are assigned permanent posts.

Besides flight training and long range educational programmes extensive courses are conducted in aircraft maintenance, sales and service, cabin attendant services, ticketing and reservations, operations services, finance and data processing.

There is also a management development programme which began in 1972 and receives an equal degree of emphasis. Its objective is to prepare potential managers to fill vacancies in the corporate management structure and to upgrade the general standard of management.

Saudia's Fleet

AIRCRAFT TYPE	1973	1974	1975	1976	1977
LOCKHEED TRISTAR/L-1011	-	-	2	5	8
BOEING 707	4	4	7	7	10
BOEING 720	2	2	2	2	2
BOEING 737	5	7	12	16	16
BOEING 747	-	-	-	-	2
DOUGLAS DC-8	-	-	-	-	2
DOUGLAS DC-9	5	4	3	3	3
CONVAIR C-340	6	6	6	-	-
APACHE 285	2	2	2	2	2
CESSNA 421-B	-	-	2	2	2
BEAFCRAFT	-	-	2	2	2
FOKKER F-27	-	-	3	3	3
GRUMMAN GII	-	-	2	4	-
TOTAL	24	25	36	42	54

*Leased

The table shows the growth of the Saudia fleet during the last five years. Maintaining this large and diverse fleet of aircraft presents a continuous challenge to the two thousand men in Technical Services Division, particularly since inspection of all equipment used on Saudia aircraft is carried out to standards exceeding those stipulated by both manufacturers and world civil aviation authorities. Similar thoroughness is applied even to equipment that will in all probability never be called into use such as emergency liferafts and jackets. More than one rival in every seven rivals of revenue is allocated for maintenance.

Future expansion

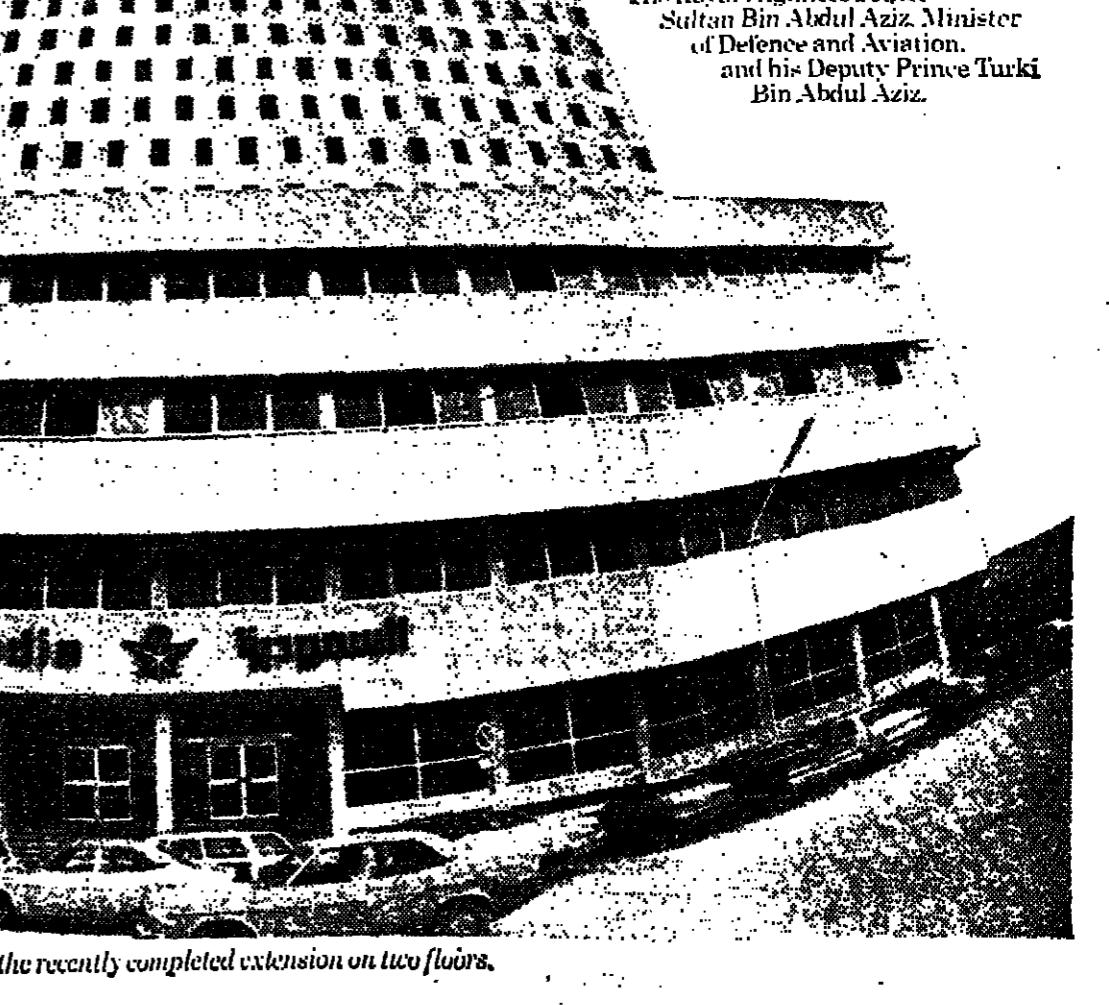
Although the second 5-Year Plan of the Kingdom is generally regarded as being ambitious, Saudia exceeded the five year targets for passengers and fleet growth in the first two years.

A new route to Athens is planned for this summer. Extended routes to the East as far as Japan and to the West as far as the United States are being considered.

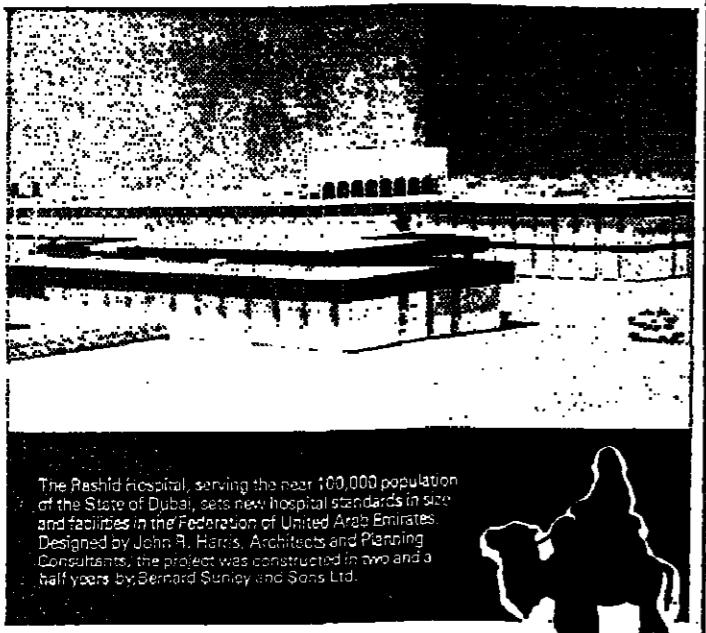
Between 9 and 10 million passengers are forecast for 1980.

In 1979/1980 Saudia will operate an "International Airport Catering Unit" at the new Jeddah International Airport. This Catering Unit will give the airline total supervision of its food requirements including hygiene and bacteriological control, and provide the means for maintaining and improving the high quality of its food service. The unit is being established with the assistance of S.A.S. Catering Services, who are leaders in the field of airline catering.

Sheikh Kamil Sindi paid tribute to the continual support he had received from the Chairman of the Board of Saudia, His Royal Highness Prince Sultan Bin Abdul Aziz, Minister of Defence and Aviation, and his Deputy Prince Turki Bin Abdul Aziz.



Saudia's 13-storey headquarters in Jeddah featuring the recently completed extension on two floors.



The Rashid hospital, serving the now 100,000 population of the State of Dubai, sets technological standards in size and design for the generation of United Arab Emirates. Designed by John H. Hepworth Architects and Planning Consultants, the project was constructed in two and a half years by Bernard Sunley and Sons Ltd.

Rashid Hospital

... another of the Middle East locations where the HepSieve vitrified clay underground drainage system was specified. The Middle East case for clay is overwhelming. It's immune to the sort of conditions that spell inevitable failure for some substitute materials. Having been proved in service over centuries, clay pipes have changed only for the better in that they are today stronger, longer and lighter, with push-fit joints that speed and simplify laying.

Stocks are held in agents' depots in all major areas of development. Hepworth specialist staff resident in Dubai, Bahrain and Amman are backed by the combined resources of tunnel kiln plants located in the United Kingdom, in Europe and in the United States.

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Students at the College of Agriculture, Riyadh University.

There is no difficulty in finding the money to finance Saudi Arabia's ambitious plans for the expansion of education. But some problems, such as the shortage of Saudi teachers, cannot be dealt with overnight, and it is accepted that change to the educational structure will have to proceed slowly if the conservative nature of Saudi society is not to be damaged.

Education

FEW MINISTRIES in Saudi Arabia bear greater responsibility for how its citizens will survive the stresses of modernisation than those of education and higher education (created separately in October 1975). In their hands is the dilemma of how to adapt conservative Islamic traditions to modern and more independent and materialistic thinking without losing sight of the essential virtues and values of Saudi society. There is, too, a simultaneous drive to produce Saudi manpower to cope with the country's economic development. The result is inevitably an educational system shot through with paradoxes and contradictions.

The Saudi Government is only too aware of its tasks in this field and has not shied away from spending on a huge scale on this sector. Education has regularly taken between 11 and 13 per cent of the annual budget, (\$2.3bn. in 1977-78), third or fourth after defence, communications and municipal and rural affairs. Over 15 per cent—SR74.4m. (\$21bn.)—of the current development plan is being spent on education. Expansion has thus been considerable.

There are now over 1m. pupils at all levels, compared with about 700,000 at the beginning of the decade. The increase has been most marked at intermediate and secondary levels.

Last year, the equivalent of a new school was opened every day.

The 1975-80 plan has ambitious targets. The number of elementary pupils is to rise from 618,873 to 1,041,163 (and schools from 2,899 to 4,467); on the intermediate level from 130,410 to 230,052 (schools from 557 to 991); and on the secondary level from 35,444 to 72,486 (schools from 141 to 231).

Students in teachers' training colleges are to rise from 15,689 to 27,487 (the number of institutions from 46 to 60); in technical institutes from 3,685 to 14,405 (schools from 16 to 37); adult literacy programmes is to expand from 84,433 pupils to 519,831 (and schools from 1,114 to 3,327); and on the university level graduates are to rise from 1,703 to 7,158, while enrolment which in 1975-77 according to the Higher Education Ministry was 23,610, of whom 14 per cent were women, is to rise from 15,327 to 42,965.

The annual report of the Saudi Arabia Monetary Agency grandly sums up the government's priorities whereby the emphasis is not placed merely on expansion of the number of educational institutions but also on uplifting the quality of education through better planning of school facilities and equipment, upgrading school curricula with a view to provide (sic) a scientific and practical orientation to the learning process, and improving educational methods by recruiting qualified teaching staff and school administrators."

Nevertheless, the drive to Saudiise teaching is going ahead. According to Dr. Saad Jammaz, Vice Minister for Technical Affairs, 90 per cent of Saudi teachers are graduates of the equivalent of secondary school. Ten teacher training colleges have been set up to accept half its pupils from secondary school direct and the other half from current teachers. The aim is that within a decade all elementary teachers will have had at least two years of college education.

The paradoxes which this educational drive throw up are Safar, Deputy Minister of iron out. While Saudi Arabia

existing teaching methods are aimed to raise the Saudi ele-

recognised career structure, the on the move, but in 1977 there were four mobile teams catering the whole reflect the dominance for the tribes when they settle of tradition, influence and particular families rather than real

Examinations have been particularly problematical, and, their academic record is frequently better than those of the men. But careful segregation is practised to ensure that

shared facilities are not used simultaneously, and lectures are watched on television. Paradoxically, the Directorate of Girls Education is a governmental authority independent of the Education Ministry. But while this advance must be recognised as a bonus, it will eventually raise difficult questions about what the role of women should be in Saudi society.

And the standards reached in general? Independent observers reckon that graduates of the University of Petroleum and Minerals in Dhahran, which has a special status and links with American universities, are on a par with degree-earners in either the U.S. or Britain. Elsewhere, their graduate standard is reckoned to be on a first-year university level. There is, too, almost total worship of the

characteristics. Progress here has been disappointingly slow, but even so efforts are being made to reshape the approach to subjects by defining them less individually, and more are part of broader topics. Thus history is presented in the context of Europe, the Middle East and parts of general mathematics.

The third drive is directed towards school building. It is acknowledged that this is perhaps the easiest aspect to achieve and that the production of schools does not ensure a new educated population. But in defence of this, officials argue that the massive building programme does ensure that the framework for educational progress exists.

But leaving these problems aside, the educational programme has had some undeniable benefits. One is the subsidised school meal system which has expanded from 17,866 pupils (costing SR3.1m. \$900,000) at the beginning of the decade to 488,166 in 1975-77, about 90% of whom are now eating at school, for the last year costing SR343.7m. (\$100m.).

Some universities have been second benefit has been in having difficulties with their educating and help to settle the budgets. Third, as the domestic bedouin, it is impossible to cope with those who are perpetually wasteful not to take advantage

Thus the system which emerges is uneven in shape with pockets of sophistication and bright, up to date ideas. But it is attached basically and broadly to a system which badly needs reform and modernisation. But these changes will have to come around gradually, as officials are only too aware, if irreparable damage is not to be done to the conservative nature of Saudi society.

A.M.D.

UNIVERSITIES AND COLLEGES IN SAUDI ARABIA—1978

University	Campus/ city	Year opened	Student enrolment (estimated)	Girls yes/no
1 University of Riyadh	Riyadh	1957	7,000 8,000 9,000 10,000	yes
2 Islamic University	Abha	1961	200 300 400 500	no
3 University of Petroleum and Minerals	Dhahran	1963	1,200 1,400 1,750 2,200	no
4 King Abdul Aziz University	Jeddah	1967	3,000 4,000 5,500 7,500	yes
5 Imam Muhammad ibn Saud Islamic University	Mecca	1950	200 300 400 500	no
6 King Faisal University	Medina	1975	100 200 300 500	no
7 King Abdul Aziz Military Academy (Ministry of Defence)	Riyadh	1955	100 200 300 500	no
8 Internal Security Forces Academy (Ministry of Interior)	Hofuf	1976	75 200	no
9 King Faisal Air Force Academy (Ministry of Defence)	Riyadh	1970	100 200 300 500	no

NOTES:

In addition to about 25,000 college-level students at the various institutions of higher education in Saudi Arabia, there are an estimated 20,000 Saudis studying at universities abroad, of whom half are in the U.S. The numbers abroad jumped dramatically due to the large numbers sent on military scholarships, and to the addition of wives of students to the rosters of eligible students for scholarships.

In the figures above, part-time students and students-by-correspondence (mostly women who are not allowed physically to attend classes) are not included.

There are an additional five junior colleges in Riyadh, Mecca, Gassim, Medina and Abha for teacher training. There are an additional two science and mathematics teacher training centres in Riyadh and Dammam.

Source: Hassan el-Husseini, University of Petroleum and Minerals

The contracting market in Saudi Arabia is the biggest in the world, and the rewards for a foreign operator prepared to abide by the rules and run the contract according to the local conditions are considerable. With the growing emphasis on industrial projects, the trend now is towards the setting up of joint Saudi-foreign companies with specialist capabilities.

Contracts

EVERYONE CAN see to be impressed by the sheer scale of construction operation now going on in Saudi Arabia. Whether one is looking at the series of equipment parks under way for miles after mile down the Khobar-Dammam road, or trying to grasp the cost of some of the biggest objects (the gas gathering system alone is now priced at £500m-plus), it is not difficult to believe that the building of Saudi Arabia's infrastructure and industry makes the Kingdom the biggest contracting export market in the world at the present time.

So inevitably over the past 12 months contractors have been very sensitive to every nuance of Government policy, following the slowdown in spending which has involved some big projects being postponed indefinitely, and the Government's cancellation of a number of major contracts in the early part of last year. On that occasion the Ministry of Industry threw out the lowest bid for the telecommunications expansion programme and re-awarded contracts for the construction of some power stations.

Third World firms—alleging both cases that the Western contractors involved had been conspiring together to inflate their prices. In practice the Government did not lead to any general discrimination against Western firms, which it was feared at the time might follow from the cancellations—though it is hard to see how a Government could have opted continuing to rely only on Western firms after what its preferences have been.

As much as any bias can be discerned at present in the of inflation rates, in the sure does not require bid bonds at

Government's award of contracts, it is that all major contracting nations should receive a share of Saudi business, that Third World companies especially should have a chance to prove themselves, and that in the recruitment of labour there should not be too great an influx of manpower from any one country.

Of course the whole cancellation "crisis" raised the question of whether the Saudi Government was not an unduly inflexible client for contractors, and whether the profits to be made in contracting in the Kingdom were anything like as big as they appeared to be. But now that the dust has settled, the consensus among firms that have got used to working in Saudi Arabia is that if a contract is run well by the contractor, the profits can indeed be considerable. Similarly it is felt that the Government's terms, although different in some respects from the international norm, are not unreasonable on balance.

Generally speaking both the Saudi Government and Aramco award contracts on a fixed price lump sum basis, because although this may work out more expensive, it seems that the Government at least sets store by knowing in advance what each job is going to cost it, and anyway lacks the manpower to monitor too many escalation clauses or cost plus contracts.

Not unnaturally this practice has made contractors in Saudi Arabia acutely inflation conscious—all the more so because inflation rates in the Kingdom have recently been high and over the two or three year life of some contracts inflation rates are obviously quite impossible to predict. Western contractors often claim that here they are at a disadvantage vis-a-vis Asian firms, which can put in bids based on optimistic predictions

knowledge that the support they receive from their governments will protect them against loss should their projections prove wrong.

That at least is the theory of the disadvantages in the system. In practice quite a number of contracts do contain escalation clauses—sometimes linked to the cost of living in the Kingdom or to an iron and steel price index. Also a lot of the biggest contractors, and particularly those firms which are also involved in project management, come in on the really massive contracts on a cost plus basis—though their sub-contractors have fixed price contracts. In fact it would be impossible to run the biggest contracts on a fixed price basis. For instance, there are still major decisions to be made on the type of equipment to be used in parts of the seawater treatment plant which is being installed to reinforce pressure into the south Ghawar oil field—and this contract has been under way for four years already.

Purchasing

At the same time there is considerable scope in some cases for contractor to avoid agreeing a final price until he has completed most of his purchasing of materials—as Chiyoda did with the Riyadh and Jeddah refinery contracts. And it is also possible sometimes for contractors to profit from their clients' failure to honour supply clauses, if, for instance, they fail to provide materials promised on the due date. In these circumstances there can be a 30 or 40 per cent. difference between the "going-in" and the "coming-out" price.

When it comes to actual bidding procedure, the system in Saudi Arabia is that Aramco now needs to establish a Saudi company with Saudi partners or

all but that the Government shareholders or to enter a joint venture agreement with a Saudi partner. Until recently, though, the interpretation of "help" is now acquiring a firm could make do with just an increasingly legitimate sponsor, or if it was working for the Government, it could log the decision to obtain a temporary licence to deal or dying in Saudi Arabia, and the big merchants involved in joint companies with some of the bigger contractors seem less and less inclined to win contracts for their affiliates through the use of their name or personal connections.

Under any formula—from sponsorship to joint shareholding company—the role of the Saudi parties involved can vary enormously, according to the abilities and preferences of the Saudis themselves and the foreign firm. In some cases the foreign firm may want nothing more than to fulfil the legal requirements and then be left alone to "do things its own way." But in other cases the Saudis may be used to help find accommodation, office space, land for equipment parks and warehouses and facilities such as telex and telephones, as well as helping sort out supply problems and arrange block visas for the workforce, which on any significant size job must be provided and housed by the contractor. (Since the end of the Hajj last year, the Government has apparently become more worried about the problem of pilgrims staying behind in Saudi Arabia after the rights are over, and it is now insisting that contractors engaged on Government projects do not hire local labourers who are not Saudi nationals. This pool of manpower, composed of labourers who have managed to stay on after the completion of their contracts and labourers on the due date. In these circumstances there can be a 30 or 40 per cent. difference between the "going-in" and the "coming-out" price.

To bid at all for a contract in Saudi Arabia a contractor handling Agents for: SUDAN AIRWAYS OVERSEAS NATIONAL AIRWAYS AIR CANADA Handling Agents for: SYRIAN ARAB AIRWAYS GULF AIR CARGO LUX Showrooms: UNIVERSAL MOTORS

for bids and the Government's contend with bad weather and industrial disputes.

At the next stage it may take a contractor four or five months between winning the contract and being able to start work. It is difficult in Saudi Arabia to obtain permits for using radios and explosives, and rather than trying to obtain an explosives permit it normally pays a contractor to sub-contract the blasting work to a local firm which already has a licence. Then there are still small localized bottlenecks affecting supplies of various services, bits of equipment or materials. There can be bad bureaucratic delays if the decision taker in the ministry or State organisation with which the contractor is dealing happens to leave the Kingdom, or become involved in the fantastically time-consuming protocol which accompanies all arrivals and departures of official delegations in the Arab world. Bureaucratic problems such as these may be accentuated by Ramadan and the Hajj—though Westerners tend to exaggerate the impact that these two months have on slowing down life in Saudi Arabia.

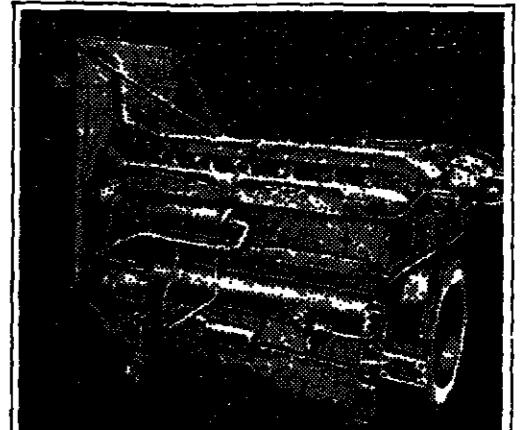
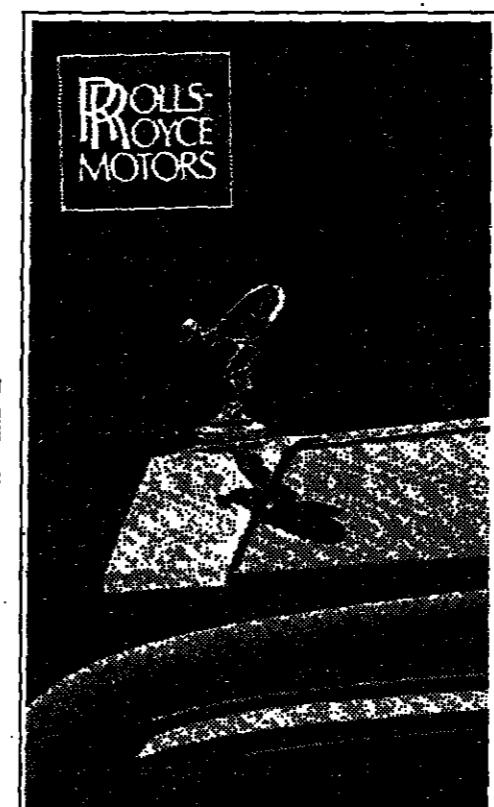
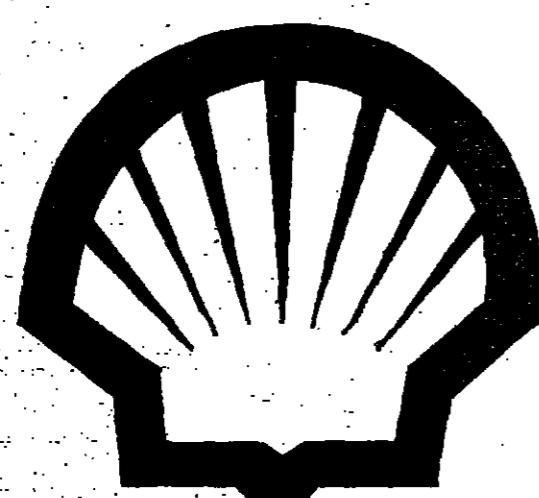
The most serious delay of all may involve the mobilisation of labour, which for Government and Aramco work has to be recruited outside the Kingdom and imported under the block visa system. This system works as follows: after having his bid accepted, the contractor submits his estimate of the amount of labour required to his client, and once the client has approved the figure an application for a block visa is made to the Ministry of the Interior. This Ministry in turn will forward authorisation to the different Saudi embassies involved abroad, permitting them to issue individual visas to however many people the contractor is bringing in from each country—say 100 Pakistanis, 100 Indians and 200 Taiwanese—up to a maximum total of 400 per block visa. Normally this process takes anything from one to three months—though in abnormal cases there may be additional delays.

Accommodation

Finally the contractor has the problem of providing accommodation for his labour force on every job worth more than about \$30m. But once the contractor has his labour on site he can probably be more certain of completing the job on time than he can in Europe or America. Although he may have the same problems that he would anywhere with the delivery of materials, he does not have to

Michael Field

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JAPAN

Saudi Arabia has not joined the international tourist circuit. Most of its visitors are businessmen or pilgrims, and the country has no need of tourist revenue. But as the guide below shows, Saudi Arabia contains large areas of great beauty and outstanding historic interest.

Sightseeing

GUIDED TOURS and package rewarding than in the open sea, and humidity of the coastal centre offering a coach-parties are unknown to A sophisticated sports resort, plain are left behind as one permanent exhibition of handicrafts and produce, also worth visiting.

Saudi Arabia. The Kingdom the Creek is too crowded to be winds along the spectacularly sinuous road which climbs the mountain's escarpment; at the top, and in Taif itself, the air is always clear and fresh.

The real pleasures of the Red Sea's incomparable coral reef can only be savoured along the open sea and at best some way from the city. Even the favourite Twenty Nine Palms

site, an hour's drive to the north and just beyond the strange ruined palace of King Saud, is heavily frequented now.

To get away from it all one must

drive on north to the long

empty beaches south of the fishing village of Rabigh.

Desert

For a desert outing there is Wadi Fatima, inland of Jeddah and source of much of the city's water. Agriculture in the lower wadi, between the Jeddah

Mecc and Medina-Mecca roads,

hotels, but some find themselves in a Friday to spare, or a few days to wait when it may pay to take the mind off work.

Jeddah, the main business centre, offers the greatest variety of possible outings. A some 23 km. north of the village

of Jumum, along a dirt track friend, a hire car or a taxi must be found. Best known of ordinary car. The plantations

Jeddah's leisure resorts are the criss-crossed by irrigation

Creek, Sharm Obhur, 20 miles north of the city, whose swim, and are carpeted with

tentacles are rapidly reaching wild flowers, guava, bananas and

out to it. Strip building along lemon trees. The only sounds

both shores has left few and running crowded sections of public water.

beach. The best view of the Creek is offered by the delightful chalets and villas of some Saudi merchant families, where they specialise in elegant Friday luncheon parties. The small walled compound, and the nourishing sailing club on the southern shore, with tiny desert flowers.

other agreeable places to visit.

A longer and more exhausting though more impressive trip can be made in the day to Taif, sailing (usually in small boats before a strong wind). This mountain resort lies at an altitude of 1,700 m., some 190 km. inland of Jeddah. The heat feet is a community develop-

site, with delicate, pink-berried pepper trees, is some more richly stocked than that of Jeddah and offering better prices, its hotels comfortable and its new Government buildings, set in an ancient fort, of considerable architectural interest. In the valleys around the town there are ancient dams dating to the first century of Islam, more ancient rock carvings which may go back to 3,000 B.C. or earlier, and delightful cultivated areas among the almond trees, the apricots and the prickly pears.

Those with a taste for the desert might drive on eastwards a further 1,000 km. to Riyadh. A taxi costs about the same as a first-class air fare.

Most travellers, however, will arrive by air and be content with seeing rather less of the desert than that. The obvious place to go from Riyadh for a day out is, nevertheless, the desert, and if you have friends who know the area, the desert can offer many hidden delights.

It is a rich source of fossils, of

migratory birds in the Wadi

Hanifa, especially south of the town, while to the west the Tuwaiq escarpment offers a good place for picnics.

The desert around the capital is not devoid of sites to visit either. Most interesting and most accessible is the ruined town of Diriyah on the banks of the palm-filled Wadi Hanifa. Once capital of the ancient Saudi state, it was destroyed after a long siege in 1818 and left abandoned. The ruins can be reached in 20 minutes by taxi from the city: in the new village

which has sprung up at their

foot, mud houses hung with rows of tiles to protect them from the monsoon rains. The

on the horizon.

For a longer outing one might recommend a drive to the oasis of al-Kharj, 80 km. south of Riyadh. The oasis itself is very extensive and fruit, cereals and vegetables are grown there for the city. Large herds of European milk cows are also successfully raised. The most interesting places to visit, however, are those where geological faulting has revealed the extensive underground reservoirs beneath the desert. Rarely does one have the chance to see these ancient water supplies of which we hear so much to-day.

In al-Kharj itself the ground has fallen away in two places, leaving great pits some 100 m. across and 130 m. deep, with sweet water at the bottom of them. This water is raised continuously by diesel pump and carried out through a substantial canal to feed the

tain times of the year large herds of camels can be seen watering at the wells there.

Choice

For visitors to Dhahran and the Eastern Province the choice of outings is perhaps more straightforward. The beaches of the Gulf offer fine sand and lovely views of an aquamarine sea still frequented by traditional wooden dhows.

They lack, however, the great

attraction of the Red Sea's coral reef. But the Eastern Province is the one region where, thanks to the tilt of the peninsula, sweet water bubbles to the surface from the underground reservoirs.

This is the region of the really vast oases of tall slender date palms, of dense

undergrowth giving the impression of a European woodland.

Qatif oasis begins almost at the gates of Dammam and ex-

tends north along the coast for many kilometres: the broad sandy alleys, running like

bridleways between avenues of

date palms, with mud houses hung with

rows of tiles to protect them

from the monsoon rains. The

on the horizon.

The old Turkish quarter of Jeddah.

people, dressed in cartwheel straw hats and bright-coloured clothes, are friendly and welcoming; visitors are often invited to the high mud houses.

Most famous, yet least easy of access, of Saudi Arabia's sites is that of Medina Salih, the twin city to Petra 2,000 years ago. Here in a golden sandy valley of the Hejaz the Nabateans carved over 100 of their impregnable rock-cut tombs, in a landscape of beautifully sculpted cliffs. The engine sheds of the ill-fated Hejaz railway, with a 1903 engine still in situ, standing beside a ruined 17th century pilgrim fortress, are bonus attractions of the place.

The nearest airport to Medina Salih is that of al-Medina some 350 km. to the south. A four-wheel drive vehicle is needed at present for the last 15 km. of the trip, over sandy track, and permission to visit must be obtained from the Ministry of the Interior. For all that, it is a trip through beautiful mountain scenery into a landscape steeped with the history of the old incense caravan route, a trip so well worth the making.

Edward Alexander

ALUMINIUM

and the

Saudi

future

International Co-operation

In the last few years, Saudi Arabia has moved forward at a pace rarely matched by any nation in the world. Today, under the energetic leadership of the Government, the country's vast resources are being directed towards improving the welfare of every Saudi citizen, and achieving a rise in his standard of living.

One of the most important areas of activity has been in the architectural and construction industry. Many projects are under way. These include building in the public service sector: airports, hospitals, schools, offices and housing projects are planned. The flourishing commercial activities of the Kingdom have given rise to an increase in investment-oriented construction work. And, to accommodate the many non-Saudi nationals engaged in the completion of the Second Five Year Plan, a vast number of housing units are being built.

The demand for aluminium

The fulfillment of these projects has created a huge demand for a local source of supply of semi-fabricated and finished aluminium products for use throughout the Kingdom.

Aluminium Products Co. Ltd. (ALUPCO) has been formed to meet this demand.

As well as the production of extruded sections for specific projects, ALUPCO has facilities for machining and assembly. Windows, doors, interior partitions, curtain walls and many other aluminium building products will be available from the company's 60,000 m² rented site at Dammam.

In 1975 a twelve year contract for technical and engineering co-operation was signed between ALUPCO and the Swiss Aluminium Co. Ltd. (Alusuisse), one of the largest international companies specialising in the aluminium industry. Within the framework of this contract Alusuisse has prepared all the engineering designs and feasibility studies for the ALUPCO project.

On February 2nd 1976, ALUPCO signed an agreement with the Saudi Industrial Development Fund for a long-term loan of SR 47 million. In 1976/77 ALUPCO signed over 100 contracts with various local and international companies for the supply and erection of the Dammam facilities and equipment, and in May of 1976 work began.

The site became operational in August 1977.

Training for the future

ALUPCO's two plants at Dammam will employ upwards of 400 people when they are fully operational.

The extrusion and anodising plant has an annual capacity of 8,000 tonnes from two production lines. The fabrication plant has the capacity to machine up to 800 tons of extruded products.

ALUPCO has acquired the services of more than twenty European personnel whose long experience in the aluminium industry will assist in the technical, financial and commercial aspects of the company's activities.

With the Saudi future in mind, ALUPCO places great importance on the training of Saudi personnel. Schemes are planned at every level.

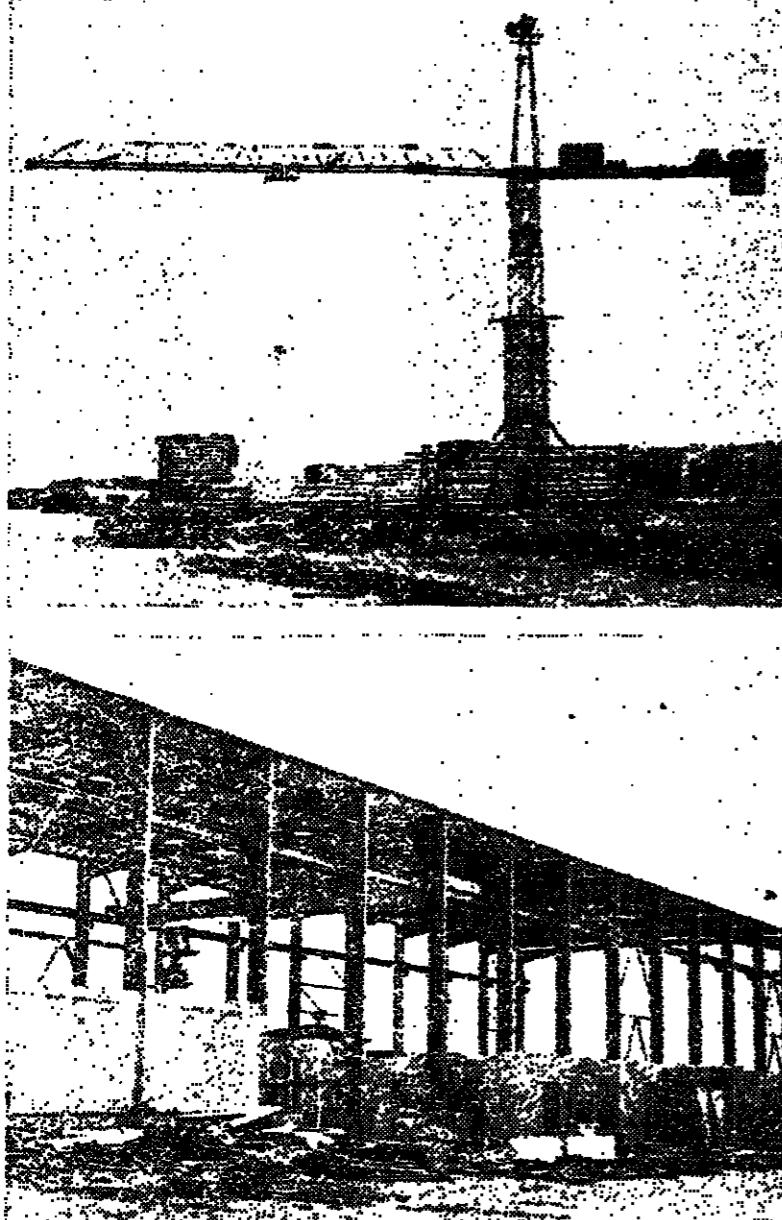
Saudi Arabia's aluminium industry is vital to the development of the country's future self-sufficiency. ALUPCO is proud to be the first industrial aluminium complex of its kind in the country.

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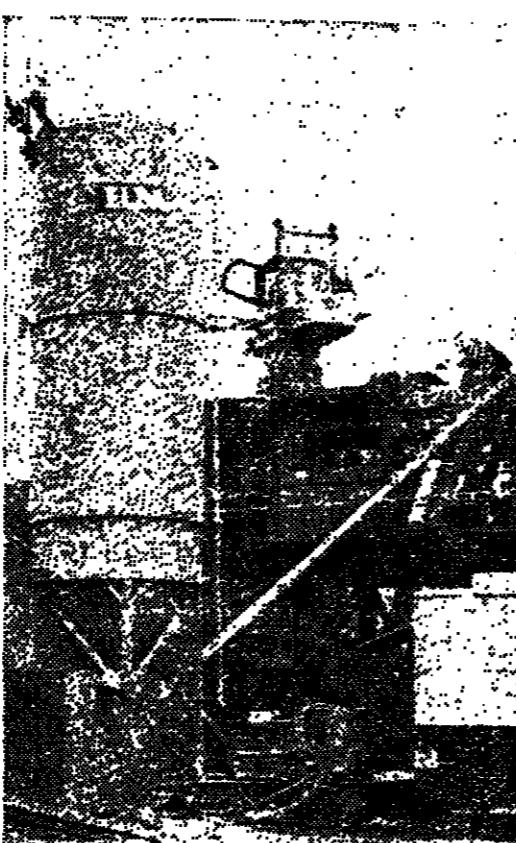
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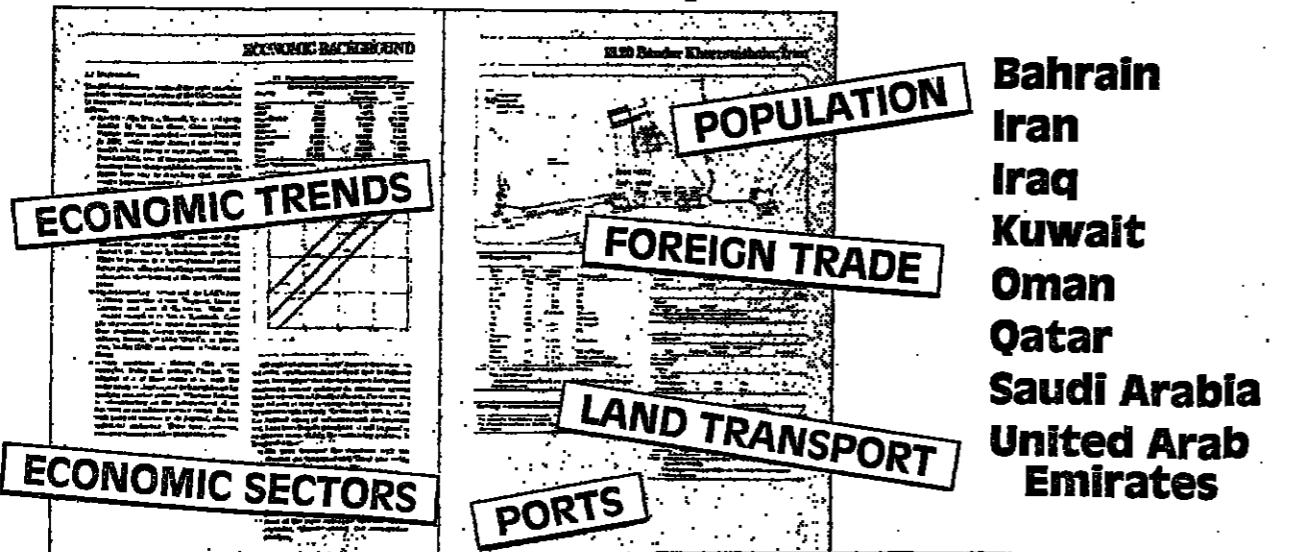
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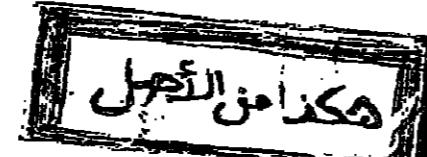
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Gray Mackenzie's 'Gulf Patterns'



SAUDI ARABIA XXXVI

The emergence of Saudi Arabia as a unitary state owes almost everything to the daring initiative and inspiring leadership of one man—King Abdel-Aziz ibn Saud. In this article the late David Holden, the chief foreign correspondent of the Sunday Times, who was murdered in Cairo last December, summarised his heroic and lasting achievement.

The father of the Kingdom



King Abdel-Aziz ibn Saud photographed during a visit to American oil developments in Saudi Arabia in 1947.

IN THE MIDDLE of the concrete sprawl of modern Riyadh, the Saudi Arabian capital—surrounded by camera shops, perfume bazaars, and honking streams of traffic—stands a small, round-towered fort of mud to which every visitor should make his pilgrimage. Its name in Arabic is the Musmak; and just three-quarters of a century ago it was the site of one of the most famous battles in Arabia's history when a tall young warrior of the House of Saud led 15 of his companions in a successful assault upon its gates, put the defenders to the sword in the name of God, and proclaimed the revival of his own clan as the lords of central Arabia.

To most visitors in Saudi Arabia to-day that dramatic little affray seems about as remote as the battle of Agincourt is from contemporary Europe. Yet it marked the birth of Saudi Arabia as a modern nation, and the young man who led the raiding party is still honoured above all others, not just as the present Kingdom's founding father, but as its architect and guide through the next 50 years of change.

He was Abdel-Aziz Ibn Abdur-Rahman Ibn Feisal al-Saud, commonly known to the world beyond Arabia as Ibn Saud, and the scale of his achievement between the capture of Riyadh in 1902 and his death in 1953 has established for him an unshakable reputation as the most remarkable son of Arabia since the Prophet Mohammed.

Abdel-Aziz, as he is always known among his own people, was born in Riyadh in 1880 (1297 AH by the Moslem calendar) at a time when the Saud family was in grave disorder and its rule over the surrounding province of Nejd was collapsing before the challenge of rival clans. By the time Abdel-Aziz was ten he had witnessed more murder, fratricide and battle than most people could fear to see in a lifetime, and in 1891 he was forced to join his father, Abdur-Rahman, in secret flight from Riyadh, swinging out on camel-back into the desert by night suspended alongside his sister, Noura, in a saddle-bag. For most of the next decade he was in exile with his family in Kuwait and, to such of the world as then knew or cared, it seemed that the reign of the House of Saud in Arabia was ended for ever.

In fact, there were few who felt any concern for its fate. The recesses of desert Arabia in those days were so isolated and austere that only three Europeans had reached Riyadh throughout the whole of the 19th century.

Endemic

Tribal war seemed endemic, security was unknown and beyond Arabia's own shores the downfall of the Saudi clan seemed no more than the immemorial small change of desert custom.

But Abdel-Aziz was a man of wider vision, conscious that his family had once enjoyed a history of more than merely local rule. One hundred and fifty years before, one of his ancestors had made an alliance with a great religious teacher of his day, Sheikh Mohammed Ibn Abdur Wahhab, dedicating Saudi strength to the promotion and purification of Islam throughout Arabia. The Wahhabis, as they were known (although in Arabia itself the term is rarely used) had swept all before them in Arabia for several decades under Saudi leadership, capturing Mecca, harrying Oman and even plundering foreign shipping in the Arabian Gulf.

Abdel-Aziz was raised in this family tradition that united the rigours of desert warfare with the virtues of the faith. His father was an exceptionally pious man and Abdel-Aziz's only education was that of the Koran and the traditional desert sports—camel and horse riding, hunting and sword play. Sitting in Kuwait in unwelcome idleness he resolved to resurrect the family kingdom through the old combination of tribal power and religious zeal; but the genius he displayed in the execution of his plan turned it into something more—lifelong campaign for the unification and independence of Arabia.

Most of the early years after the capture of Riyadh were spent in extending and consolidating his

dating his rule in the time after the second world war that how to handle all the money honoured fashion of a great his income began to rise to that was a task his sons would Arab chieftain through a wards what we now think of as have to learn. By bringing the customary level of oil peace and unity to a land that wealth. By 1953, when he died had known none of either for crippled with arthritis and many centuries and bequeathed half-blind, Saudi Arabia's leg to his sons and his son's national income was over sons a flourishing and stable \$300m. a year—2,000 times Kingdom, Abdel-Aziz had al what it had been when Abdel ready bridged the forbidding gulf between the old Arabia and the new. It is think face of the country was starting to show, for the first time, those that singular triumph that in physical changes that in the successors to day, 25 years intervening years have trans formed it almost beyond recogn fully with a fate for the con temporary House of Saud that

But then, after a lifetime its founding father could not have dreamed of as the political ringmaster of the Middle East and the virtual oilmaster too old and tired to know quite of the world.

Pinned

Prayer, women and perfumes, it was said, were his greatest pleasures in life, in that order. To enforce the first, he formed the armed companies of Ikhwan, or brethren, whose strict Wahhabism brooked no laxity before God and whose marauding cavalry became the terror of all his enemies.

But the Ikhwan's conquests were cemented by his marriages—and his magnanimity—as he found wife after wife among the families of his vanquished rivals, as well as those of his allies, so that his seed was spread the length and breadth of his growing kingdom and old enemies as well as friends were encircled with the bond of blood.

The 44 sons that resulted from the Ikhwan's conquests formed the nucleus of the current Saudi State: they and their sons to day still administer Abdel-Aziz's legacy. But the peculiar circumstances of the 20th century gave that legacy an extra dimension that in his first years even Abdel-Aziz could not foresee. When he forced the doors of the Musmak at swordpoint, virtually the whole of Arabia was innocent of any technology that had not been common already in the prophet's day. Yet within 30 years the motor car, the wireless and the aeroplane were helping Abdel-Aziz to construct a bigger and more stable kingdom than any Arabian ruler for a thousand years. They were also, as we now know so well, opening the way to the biggest change of all—the discovery and exploitation of Arabia's oil.

For Abdel-Aziz, the oil discoveries came late in the day that they seemed almost as much of a burden as a reward. Before the First World War the total annual income of his state rarely exceeded \$150,000 and even in the 1930s, after he had become ruler of Mecca and its valuable pilgrim trade, he was forever on the edge of bankruptcy.

When the first American oilmen came sniffing at his deserts the King's hopes were on what now seems a pitifully modest scale. "O," he sighed one day to his old friend, St. John Philby, the British explorer. "if anyone would offer me £1m. I would give him all the concessions he wanted." In fact, he got just £50,000 from Standard Oil of California for the exploration rights in his Kingdom, and it was not until

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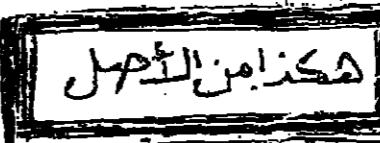
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The traditional life-style of the bedouin, or desert nomads, is undergoing gentle change. Education, medical care and modern transport are among the lures—particularly for the younger generation—of the settled community. But there remains a hard core to preserve links with the old ways.

The people of the desert

FOR THOSE brought up on loom on which tent sections were made. They did have a sewing machine, however, and a bedouin tent is still a romantic experience. The utter silence made their own dresses. When and sameness of desert is I left I asked how I might find broken only by the tiny sign them again, perhaps send them of human existence, the black a card. One of the young women which resolves, as one wrote the address of the village, tent in northern Arabia and clear, well-formed hand. The watched, the old grandmother, skill was unexpected, but perhaps not, to-day, so very rare

spinning wool from the after all.

We called back a few days later to thank her and offer some sweets. She was gone, they said. She had had an accident and been taken to the clinic beyond the mountain. We followed, a bumpy 20 km, and found a very simple clinic in an old mining camp. Her wound had been patched and she was well. She was also fortunate.

This group was still nomadic; their belongings were kept to a minimum and they could move at no notice. They had arrived there a few days ago from Jordan where they had spent the summer. They came down in a couple of trucks, the trucks in one, the family and tent in another. As we sat and talked, some relatives called from a distant tent driving over by

The desert bedouin have a better chance to-day than they ever had of obtaining some schooling, of reaching medical care. Every camp that I have seen now has a pick-up truck. Many have a water tanker as well and so they are free of the lack of water. It is possible now to take a sick person to a clinic, though distances may make them too late to move in, many others seem to be largely the young men who make such a move.

At another tent in central Arabia was pitched close by a little mud-built village and now was a person to a clinic, though distances may make them too late to move in, many others seem to be largely the young men who make such a move.

The owner's locks grazed with those of the permanent villagers and it seemed that he was rapidly becoming one of them. By the few comforts in the tents, too, were ranged, and a camel saddle provided an arm-rest. "No, they had not kept camels for years now," it was just a piece of furniture. The truck outside was their means of transport. Their women no longer wove

on the long, narrow ground

which is most likely to persuade a family to pitch its tent near there. One section of the family may still go away for part of the year with the flocks, but some stay, move first to a hut built of tins, then to a mud or breeze-block house. Very often the tent will still stand beside the hut, or in the courtyard of the house. The options are still open.

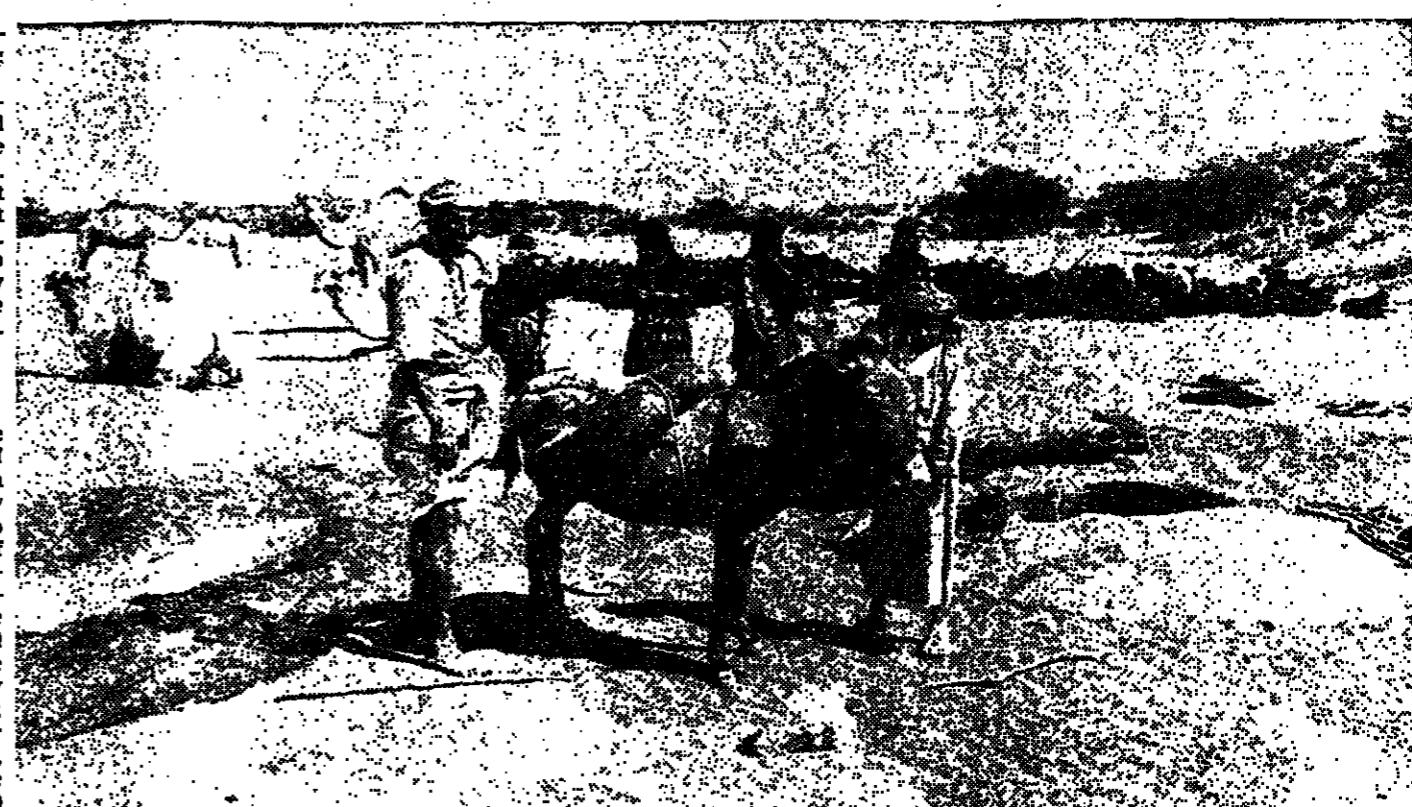
A fascinating study of this period of transition in the life of Saudi Arabia's bedouin was published last year by a Japanese researcher who spent two years visiting the same village near Jeddah. The book, *Bedouin Village*, is by Mrs. Motoko Katakura. She found that the villagers kept their links with their nomadic

That the exodus from the desert is a real and powerful factor of life in Saudi Arabia is certain. Just how fast and how far it will go is not, as yet, so clearly determined. A census of a nomadic population is notoriously difficult to make and perhaps nearly impossible to make accurately (the officials involved would not, for one thing, be allowed into the tents actually to count women and children; some bedouin would count their girl children, some would not, and so on). Official figures give a bedouin population of 600,000 in Saudi Arabia (but how do they count those, such as my first host, who spend part of the year in Jordan, Syria or Iraq?), and sample surveys have shown a net decrease of 2 per cent per annum.

Education was the magnet which had drawn most of them to the village, and all their boys and young men could read, while many of their girls were in school, too. It was her offer to teach the girls and women of the village to read which gained the author acceptance there.

While many bedouin families are taking the gradual route to settlement, living in a tent beside town or village, slowly moving in, many others seem to be largely the young men who make such a move. They find a job through a member of their own tribe already there (employment still goes largely by tribal connection), break, to move directly into the competitive, twentieth-century life of the big cities. It seems to be largely the young men who make such a move, mainly to maintain their life style. Tradition, it was the bedouin who failed who chose to settle, and bedouin settlement was tied inextricably to that of agriculture, as pastoralists, in the armed forces and specifically in the regular units and the reserves.

Theoretically, this should mean that the bedouin will disappear from the deserts of Arabia in one generation, and many observers and Government officials expect that this will be the case. Some researchers who have lived with the bedouin in recent years, however, report para-military settlements for agriculturally but succeeded in bedouin troops are totally enjoyed in the desert. However, the gap between their income and that of the townsmen is increasing yet more rapidly, and will ensure for the time being a continuing drift from the desert to the town of the young and ambitious eager to make their fortune.



Characters in a scene which has changed little over the centuries.

that many of those now left in Government in the early 1970s, guard the Saud family and thousands of families in the deserts are a competent. The bedouin, however, have no maintain peace in the land, is content hard core who are happy interest in agriculture, which now armed and trained to barely produce a living wage to continue in their spartan but by and large they regard as a second the State armed forces day and the bedouin are obliged to supplement it as best they can. The Saudi State has, from its own devices they may frontiers. It is manned entirely may. Official subsidies and hand-outs, gifts from sheikhs and princes and their National Guard salaries, have produced a higher standard of living than perhaps has ever before been enjoyed in the desert. However, the gap between their income and that of the townsmen is increasing yet more rapidly, and will ensure for the time being a continuing drift from the desert to the town of the young and ambitious eager to make their fortune.

Gillian James

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"SAUDI CENTER" is one of the fastest growing private sector companies in the Kingdom. It firmly believes in the dynamic development of the country and is committed to investing in projects that do not simply have an immediate impact financially but an ongoing function in the technological and social development of the Kingdom and its neighbouring countries.

Its prime concept for achievement is governed by strong beliefs in the old values, in combination with an outward attitude towards progress. It is keen on long-term partnership associations with local as well as overseas groups that share in the same principles.

Like so many other organisations in Saudi Arabia, it is a young group both in terms of its own age as well as in terms of the average age of its key personnel.

Through very careful planning, Saudi Center has created a solid manpower base by steadily recruiting highly qualified young men in its efforts to establish an important nucleus of people upon whose combined skills it has relied for its achievements thus far and bases its hopes for the future. In essence, the Group's outlook for growth is supported by the knowledge that it is managed by a team that claims an inherent balance of technocrats, entrepreneurs and experienced administrators.

The following is a brief outline of the background of each company within the Saudi Center Group:

SAUDI INVESTMENT AND DEVELOPMENT CENTER

This is the leading company within the group and its primary function is that of a holding company.

Head Office
P.O. Box 2220, Riyadh
Telex: 20413 CENTER SJ
Jeddah Office
P.O. Box 3396, Jeddah
Telex: 40260 CENTER SJ

LSTCO

Land Sea Transport Company (LSTCO) was established in the early part of 1976—at the height of congestion at the Port of Jeddah—to assist the Port Authority in a swift and drastic programme to clear the Port.

The Company is an accomplished port development, port management and stevedoring operator employing some 1,500 people with a turnover to date of S.R.260 million.

LSTCO has made phenomenal strides to keep up with the targets of the Port Authority. From the date of signing the contract with the Port it managed to

develop an entire Port Area consisting of a causeway, pierhead and marshalling yard, and charter and re-equip six LST's all within a period of three months. Finally, it met its target of discharging 1 million tons within its first year of operations and has thus far handled over 1.5 million metric tons (at times reaching a daily output of 7,200 metric tons).

All this could not have been achieved had it not been for the brilliant policies and full co-operation of the Port Authority Management. Furthermore, the Company is a success story in terms of smooth co-ordination between the different participants in the venture with the Saudi Group taking the lead in the overall management and administration, Kloster Rederi of Norway having charge of all maritime operations and K.N.E. of Korea providing the stevedoring. The records established by LSTCO can be attributed mostly to the close relationship and understanding that has existed between the participants in this multinational group.

Address: P.O. Box 5791, Jeddah.
Tel: 58396
Telex: 40260 CENTER SJ

SAUDI CENTER FOR TRADING AND CONTRACTING

The Company has expanded rapidly in the last two years through self-development and has attained a fine reputation in civil engineering works, residential building and industrial construction. Currently it is handling S.R.100 million worth of contracts consisting of residential estate developments, a civil engineering contract for the Salsae Water Conversion Corporation and a Palace in Riyadh.

Having established a fine operational team of experienced engineers, some of whom have a 20 year involvement in construction within the Kingdom, it now plans to further its field of activities by means of joint ventures with technologically advanced companies from overseas.

Address: P.O. Box 3396, Jeddah.
Tel: 58395 & 50929
Telex: 40260 CENTER SJ

ALTHARA

Althara is a joint venture between Saudi Trading and Contracting Center and Soil Testing Services Inc. of U.S.A. It offers a comprehensive service in geotechnical engineering, including field exploration and testing, site reconnaissance, laboratory testing, engineering design, geotechnical instrumentation, quality control and inspection. It also provides testing of construction materials during construction

(including concrete, steel, bituminous mixtures etc.).

Althara is currently involved in providing geotechnical services for the second phase of the Jeddah International Airport project and a high rise building for the National Commercial Bank in Jeddah. Soil Testing Services Inc. was the soil consultant for part of the construction project for the King Faisal Hospital in Riyadh.

Address: P.O. Box 3396, Jeddah.
Tel: 58395 & 50929
Telex: 40260 CENTER SJ

SGS—SAUDI ARABIA LIMITED

SGS—Saudi Arabia Limited is a joint venture between Saudi Investment and Development Center and Société Générale de Surveillance, the world's largest control and inspection organisation.

Its principal activity is to offer a wide range of quantity and quality checks and related services, and oversee all or any part of commercial transactions and operations connected with the buying, selling, trading and moving of raw materials, commodities, industrial equipment and consumer goods.

SGS—Saudi Arabia Ltd. is also able to offer logistical support services designed to aid the movement of goods safely and efficiently from one point to another avoiding complications resulting from miscalculations, production snags or post delivery problems.

SGS—Saudi Arabia Ltd. through Société Générale de Surveillance is represented in more than 150 countries, by 90 affiliated companies.

Address: P.O. Box 3125, Jeddah.
Tel: 50181
Telex: 40260 CENTER SJ

SAUDI INTERNATIONAL CENTER

Saudi International Center is engaged in new project development, specialised purchasing activities, and consultancy.

Project development work includes the conducting of market surveys and feasibility studies, searching for suitable joint venture partners, negotiating working arrangements between local and foreign partners, and mobilising local support and international logistical movements required to initiate the projects.

Procurement is conducted through offices in New York and Paris. Services offered encompass handling in the country of origin, export formalities, selection of carrier, clearance through Saudi customs, and local delivery to customer's site.

Finally, SIC offers a wide range of consultancy services designed to assist foreign firms to do business in Saudi Arabia. It suggests agency, branch and joint venture relationships suitable to the

needs of the foreign company, arranges office, housing and catering facilities and advises concerning local registration requirements.

Address: P.O. Box 3396, Jeddah.
Tel: 58396
Telex: 40260 CENTER SJ

AMOS

Arabian Maintenance and Operating Services Company Limited (AMOS) is a Saudi Arabian limited liability company, under formation to be owned 60% by Saudi Investment and Development Center and 40% by a high technology Western corporation. AMOS' functions include (1) management services for the operation and maintenance of desalination and other water treatment plants, power plants and other continuous process plants, (2) operation and maintenance of water wells, both surface and subsurface, and (3) consultancy activities relative to ground water studies and projects.

AMOS plans to develop a management training center in Jeddah for the operation and maintenance of desalination, power and other continuous process operations.

Address: P.O. Box 3396, Jeddah.
Tel: 58396
Telex: 40260 CENTER SJ

ALKAWTHER

Al Kawther is a Saudi Arabian limited liability company which has just been formed. It will be based in Saudi Arabia, and will operate in most of the Arab countries of the Middle East.

Al Kawther's activities include the design, assembly and installation of water treatment systems, including the desalination of sea water as well as the processing of brackish well waters. It is contemplated that Al Kawther will ultimately establish its own research and development organisation specialising in water treatment technology adapted to Middle East conditions.

Head office: P.O. Box 3396, Jeddah.
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Telex: 40260 CENTER SJ

RASHA SHIPPING

RASHA is a shipping and customs clearance agency with highly experienced port personnel servicing the needs of a number of major institutions including Mobil Oil, Fagiol and others. It is well positioned and staffed to undertake additional business including transportation for on-site deliveries to anywhere within the Kingdom.

Address: P.O. Box 5246, Jeddah.
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Chips are down in Europe

EUROPEAN GOVERNMENTS are now forging their policies for what will be the future of electronic components. It has already produced computer the size of a postage stamp and will shortly enable transistors to be packed more densely than elements of the human brain.

The revolution is based on the ability of component makers to fit an ever increasing number of inter-connected transistors onto a single wafer of silicon. Since 1961, when only a single transistor was implanted on each silicon "chip," the density of components packed into each device has doubled every year. As a result, whole rooms of electronics have been reduced to something which looks like a package with wires attached to it.

Lower grade

In the next few years the reductions in size will be even more impressive. Mr. Les Hogan, vice-president of Fairchild, the U.S. semiconductor company, expects the limit to be reached around 1985 with about 60 transistors on a single chip of silicon a few centimetres square.

Such a chip would contain as many elements as the world's best present day computer, though it is unlikely that designers would wish to put such a huge computer on a single component. It is clear that integrated circuits in the next decade will themselves become highly complicated systems.

Already, computer memory chips are being made with more than 100,000 storage elements per chip. And in the next three years the price per element of memory has fallen thousandfold. The price of a computer switch is now 10,000 times cheaper than what it was 10 years ago.

The prospect is worrying for equipment companies and governments in Europe, because special circuits for their own "Silicon Valley" south of San Francisco, from which they can be made.

For these reasons the governments of all the major countries of Europe are agreed that they must support their micro-electronics industries at least to prevent them from trailing further behind the American and Japanese advance.

The British Government is expected to announce shortly the details of its next support scheme for electronic components. It is in the U.K. is still likely to be approximately £100m. of research and development and to secure a co-ordinated national effort.

Such chips, costing only tens of dollars, will make obsolete much of the assembly work which has been a major part of equipment manufacturers' business.

It may be that the equipment makers will be able to use the new super-components to design systems of hitherto undreamed complexity.

On the other hand, the component makers may themselves become systems designers because in some applications the greatest brain power will be needed for the arrangement of microscopic transistors into patterns on their chips. Where this happens, the equipment makers may be reduced to lower grade activities like soldering, making boxes and the fitting of plugs and sockets.

Between these extremes, a variety of different patterns will emerge which cannot easily be foreseen. It is certain however that as packing densities increase at least tenfold in the next five years, the computer telecommunications and other parts of the electronics industry will be radically altered.

One obvious consequence is that designers in companies like the General Electric Company and Siemens of Germany

are acquainted with the techniques

for making silicon chips. They are concentrated in a relatively small area called "Silicon Valley" south of San Francisco, from which they can be made.

Long production runs allow fine tuning of the process, which is vital to quality control.

In Japan, the Government is pouring a vast amount of money, estimated at about £100m. a year, to support research and development and to secure a co-ordinated national effort.

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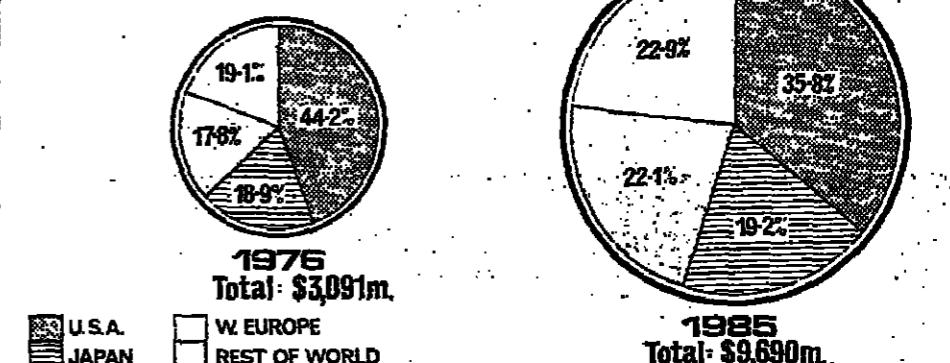
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WORLD MARKETS FOR INTEGRATED CIRCUITS



television receivers which rose from 1974 to 1978. Total The steeply increasing capital investment, including contributions from industry is estimated to be £150m. in the period.

Competition in the market for integrated circuit industry may give a new impetus to international co-operation.

No decision has been taken towards funding after 1978, but it is likely that support will have to continue at a considerably higher level. The next generation of circuits will require machines which can bombard silicon chips directly with electron beams.

To promote a U.K. capability in this field, the Government would be most likely to give aid as its main German-owned company.

Siemens is likely to place the present etching process which uses masks similar to those in printing.

Electron beam lithography will be needed to achieve the much higher densities of the future.

Fairchild estimates that the machinery for making chips will be 20 times more expensive by 1982.

The strategy of buying American technology has already been adopted by Philips of Holland with its acquisition of Signetics.

The French Government on the other hand appears to favour a joint venture. This idea appears to underly the offer of £70m. to Thomson CSF and La Radiotechnique Compalor (RTC), a Philips subsidiary, to gain high volume sales with the Government's subsidy.

Meanwhile the European Commission is making a renewed effort to promote co-operation across national boundaries.

Hopes of a comprehensive pan-European programme faded last year because governments, particularly the Germans, were not prepared to make their support conditional on the companies together.

However GEC is very sceptical whether such a move would be desirable.

It is however to try to keep abreast of developments by having a limited production of integrated circuits, but for the moment the Government appears reluctant to renew its unsuccessful efforts to push the bulk of components it needs from the cheapest source, which is often America.

Letters to the Editor

Nationalised industries

From the President, *U.S. Users' Association*.

Ir.—The debate about the control of nationalised industries, contrary to Mr. Cockell's suggestion (April 12), has not on a meaningless basis got its return may not be evident in themselves as yardsticks of performance, but they are essential in any system of indicators.

Investment by Post Office Telecommunications recently has a nudging on £1bn. yearly, to some indication of return on assets earned by telecommunications is necessary for Government, and the Post Office to know whether the exercise is worthwhile. For the target of 2 per cent. return on turnover is sensible over 70 per cent. of costs to labour. It is very much the interest of users that the business has some cash and with which it can experiment by introducing new services and take risks in market.

The profit margin also gives flexibility for the timing price increases, and most important, ensures that those on scale of 1973 will not be beaten. Additionally, a profit let is good for motivation, when hit, good for morale.

In many areas of the public sector, particularly in the Post Office, competition is not always compatible with social objectives. It is doubtful if the public would accept the withdrawal of all telephone services in rural areas, which would be a likely consequence of a switch from direct to indirect taxation (to which even the Conservatives seem to be converted) Mr. Healey has thrown away a golden opportunity to remedy the situation whereby over 80 per cent. of Government revenue is obtained from personal income tax. High tax on earnings kills incentive and obviates any possibility of savings and therein lies much of the cause of our present economic ills.

Jack Campbell, Rosemary Avenue, Steyning, West Sussex.

Unallocated surplus

From the Economic Adviser, Bunge & Co.

Sir.—Once again I see that the reference whatever to its significance (Financial Statement and Budget Report 1978-79 Table 2), I find this omission astounding.

It means that the Bank of England is holding £2.6bn. for 1978 which ultimately will be allocated to U.K. capital or revenue transactions. Surely a little helpful comment in the Budget Statement is in order?

If the balancing item is allocated to revenue account it means that either exports in 1978 were under-valued or imports over-valued. In either event the reported trade deficit of £35m. is replaced by a thumping good surplus.

If it is allocated to capital account then the levels of domestic savings, to fund the public sector borrowing requirement, are significantly lower than reported.

It is impossible for outsiders to do more than offer guidelines and ask questions which are meant to be helpful to the authorities concerned.

My own efforts have illustrated anomalies in the trade figures which I believe show import values have been over-recorded by perhaps £1bn.

My point is, because of the advantage in the Finance Act B. P. North.

omitted explanation, many economists are unable to record impossible for Mr. Healey to Aylesbury, Bucks.

the real magnitude of the 1977 U.K. recovery (Organisation for Economic Co-operation and Development experts have also made this point in the Statistical Survey Conference Report, Page 101). The overseas trade account is most sensitive in determining interest rates which in turn are of major significance in determining the task of economic recovery is made more difficult by omitting any explanation of this very important unallocated surplus.

The man tax year would not have been earning that figure last year. The average man in that range would have substantial mortgage outgoings together with pension contributions and life assurance premiums.

For a married man without children who has £1,000 per annum in mortgage interest and other payments and whose salary of £9,000 last year was increased by 10 per cent. within Government guidelines, we get the following result.

1977-78 1978-79 £ £

Gross salary 9,000 9,900 Income tax 2,258 2,458.50 Net salary ... 6,742 7,441.50

The result for this individual is that his gross salary has risen by 10 per cent., his net salary also by 10 per cent. and the retail price index by 10 per cent. He is, therefore, no better off as a result of Mr. Healey's Budget.

By his rigid conservatism in rejecting Liberal proposals for a switch from direct to indirect taxation (to which even the Conservatives seem to be converted) Mr. Healey has thrown away a golden opportunity to remedy the situation whereby

over 80 per cent. of Government revenue is obtained from personal income tax. High tax on

earnings kills incentive and obviates any possibility of savings and therein lies much of the cause of our present economic ills.

Jack Campbell, Rosemary Avenue, Steyning, West Sussex.

Grants for insulation

From the Managing Director, Drayton Controls (Engineering).

Sir.—I set that in enthusing over the proposed grants scheme for insulation in private dwellings, the Prime Minister draws on his own experience. He says that he insulated the loft in his house, and his bedroom is now five degrees warmer. What a pity he did not fit thermostatic radiator valves upstairs to prevent this temperature rise; then he would have saved the country some fuel and himself some money!

M. M. Brew, West Drayton, Middlesex.

Incentive schemes

From the Chairman, Ampleton Incentive Techniques.

Sir.—The Chancellor claims to recognise the need to restore the incentive to work. The changes he proposes are minimal and perhaps most in percentage terms those at the bottom end of the wage ladder, whereas it is widely believed the greatest encouragement is needed at the middle and higher end.

The teaching of domestic self-sufficiency in the classroom is not under attack and long may it continue.

From his final paragraph I am also left to wonder whether Mr. Whaley is aware of the enormous annual cost to the nation of industrial accidents. Indeed,

the Royal Society for the Prevention of Accidents might have something to say on accidents in

the home by well intentioned

Reduced rates

From the Leader, Southampton City Council.

Sir.—While I was pleased to see that the chief executive of Winchester City Council stated

(April 11) that Southampton City Council had also reduced its rate for the current year he did not mention that we made similar reduction last year when rates nationally increased on average by more than 10 per cent. I am certain that few if any other authorities in the country have been able to reduce their rate twice in the past two difficult years.

This does not, however, tell the

full story. By careful scrutiny of services and good management, economies in excess of £1m. have been made and the city council's capital debt reduced by about the same amount since we gained control from the previous Socialist administration. And we have rightly passed the benefit of the savings achieved to the ratepayers.

Not only has this been accomplished without adverse effect on essential services but we have secured necessary growth of 7.5 per cent. over Government guidelines during the same period. In essence we have cut back and moved forward at the same time.

Positive proof that progress with economy is possible.

Norman A. Best, Members' Room, Civic Centre, Southampton, Hants.

Industrial training

From the Group Services Manager, Aylesbury Industrial Group Training Centre.

Sir.—Mr. W. Whaley's reaction (April 7) to the criticism by Mr. W. E. G. Woods of the proposal to move initial craft training into our schools surely cannot be regarded as serious comment on what is an issue of national concern. The point of

Mr. Woods' letter was to encourage the belief that industrial training was properly the prerogative of industry itself and not that of the education system,

which after all has yet to demonstrate its general competence in instilling basic literacy and numeracy into our youth.

The teaching of domestic self-sufficiency in the classroom is not under attack and long may it continue.

It is impossible for outsiders to do more than offer guidelines and ask questions which are meant to be helpful to the authorities concerned.

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illustrated anomalies in the trade figures which I believe show

import values have been over-recorded by perhaps £1bn.

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GENERAL

Mr. Harold Brown, U.S. Defence Secretary, holds London talks on neutron bomb with Prime Minister and Mr. Frederick Mulley, Defence Minister.

Dr. David Owen, Foreign Secretary, and Mr. Cyrus Vance, U.S. Secretary of State, due to arrive in Rhodesia following Friday's talks in Dar es Salaam with Mr. Joshua Nkomo and Mr. Robert Mugabe.

Patriotic Front leaders, and Sunday discussions in South Africa with Mr. P. B. Botha, its Foreign Minister.

EEC Finance Ministers meet Luxembourg.

Scottish TUC conference opens Aberdeen (until April 21).

Law of the Sea Conference continues, Geneva.

Nominations close for by-elections at Epsom and Ewell and at Wycombe (polling day in both constituencies is April 27).

Star World Conference of Retailers is opened at Grosvenor House, W.1, by Mr. Edmund Dell, Trade Secretary, together with Mr. Joseph Godber MP, chairman, Retail Consortium, and Mr. Herbert E. Strawbridge, co-chairman, International Committee, National Retail Merchants Association of New York.

Institute of Practitioners in Advertising annual report.

Conference of British and Polish coal mining and utilisation experts opens at Mining Research and Development Establishment, Derbyshire (until April 2

COMPANY NEWS

William Collins changes borrowing structure

ACTION is being taken by the group now has a strong base from which to develop and expand the manufacturing and distribution operations.

The accounts reveal that the group has a potential liability to defied tax of £8.42m. (£5.83m.) in respect of accelerated capital allowances, and £4.27m. (£2.43m.) in respect of stock relief, partially offset by tax losses of £4.03m. (£2.31m.) and unrelieved ACT of £1.24m. (£1m.).

At March 16, 1978, Stoke Albany Trustees held 16.31 per cent. of the equity and Crossbun Trustees 16.02 per cent.

Meeting, Glasgow, May 4, at 12.30 p.m.

Bayer UK shows small growth

THOUGH SALES jumped 33 per cent. from £14.93m. to £20.82m. in 1977 for Bayer UK, a subsidiary of Bayer AG, Germany, rising costs due to price inflation and overheads retarded growth in taxable earnings to a marginal rise of £21.733 to £1.683.177.

There was also considerable increase in promotional expenditure and the directors regard this as an investment from which the company will benefit in 1978, says Mr. John Webb, the managing director.

All nine divisions contributed to group profit with particularly good performances by the pharmaceuticals side which introduced a new treatment for heart disease, and the Agrochem division.

Agrochem launched a new cereal fungicide with great success and this is expected to make a tremendous contribution to British farming and to the current year's results, Mr. Webb says.

The new consumer product group, set up in January this year, initially to market suntan products and household pesticides in Britain, also holds promise for the group in 1978, he adds.

Tax for the year took £937,673 (£12,343) leaving a net balance of £726,798 (£749,201).

Looking beyond the immediate future, however, the chairman considers that the underlying growth prospects of the business are still strong.

Referring to the completion of the group's new complex at Bishopbriggs the chairman says

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BROWN BOVERI KENT

INCREASED PROFITS AND RIGHTS ISSUE

	12 months to Dec 31 1977	9 months to Dec 31 1976
TURNOVER	£68.8m	£47.1m
PROFIT BEFORE TAX	£6.3m	£3.0m
PROFIT after tax and minorities but before extraordinary items	£3.5m	£1.5m
EARNINGS PER SHARE	8.07p	3.44p
DIVIDENDS AND PROSPECTS	1.76p	1.20p

NOTES (a) A relatively low tax charge of £2.1m (1976 £1.1m) results primarily from the utilisation of past tax losses in the UK, but full provision has been made for deferred taxation according to the liability method.

(b) The strengthening of sterling relative to most other currencies during 1977 gave rise to a reduction in the apparent value of the Group's overseas assets of £320,000 - charged as an Extraordinary item (1976 profit £463,000).

Points from the Chairman's Statement

HIGHER VOLUME

"Ignoring the effect of exchange rate movements, orders received increased by about 19% and sales by about 14% compared with the previous twelve months."

INVESTMENT

"Total fixed asset expenditure rose to £2.8m and outstanding commitments also increased... proposals for a new factory near Stroud for completion in 1979 were recently announced."

DIVIDEND AND PROSPECTS

"The Board recommends a final dividend of 1.0p per share payable 3rd July."

"It is hoped that a further increase in sales volume will be achieved during the current year and that overall trading results will be satisfactory."

RIGHTS ISSUE

"It is proposed to raise approximately £3.8m by means of an issue of 10,856,594 new Ordinary shares at 36p per share on a one for four basis. In the absence of unforeseen circumstances, it would be the Board's intention to recommend net dividends totalling not less than 2.2p per Ordinary share for the year ending December 31, 1978 on the Ordinary share capital as increased by the Rights Issue."

Copies of the Report and Accounts will be available after April 25, 1978. Brown Boveri Kent Limited (54.5% owned by BBC Brown, Boveri & Co. Ltd. of Switzerland), is the parent company of Georgia Kent Limited, the international group in industrial instruments, process control and liquid measurement.

Brown Boveri Kent Limited, Biscot Road, Luton, Bedfordshire LU3 1AL

Gibbons Dudley expects rise

BOARD MEETINGS

Mr. Roger D. Turner, chairman of Gibbons Dudley, anticipates that profits for the current year will show a further advance, the second six months proving to be more profitable than the first.

He says in his annual statement that it is difficult to foresee any real improvement in the trading climate of the refractories division. Nevertheless, further losses at Gibbons Refractories are not expected and better results are anticipated. The building products side should in the second six months reflect the benefit that will arise from the new factory and results should show a further advance.

In the engineering division a shortening of the forward order book is causing some concern. However, the planned contract completions for the current year should provide similar results to those earlier.

With an anticipated increase in industrial estates generally, the industrial estates division is looking to an increase in its profits. Capital expenditure is continuing at a high rate and therefore no investment income can be expected.

As reported on March 17, tax relief for 1977 advanced from £2.1m. to £2.25m. and £1.7m. in respect of stock relief, partially offset by tax losses of £4.03m. (£2.31m.) and unrelieved ACT of £1.24m. (£1m.).

At March 16, 1978, Stoke Albany Trustees held 16.31 per cent. of the equity and Crossbun Trustees 16.02 per cent.

Meeting, Glasgow, May 4, at 12.30 p.m.

Armitage Brothers advance

A SECOND half advance in pre-tax profits from £17.495 to £20.673 left Armitage Brothers, the products manufacturer, with £454,000 for all 1977, compared with £408,000 for the corresponding period.

Before extraordinary items earned 10.623p per £1 share were given at 10.623p (10.75p), and after such items at 10.623p (9.72p). The net dividend is stepped up from 14.63p to 16.09p.

FT Share information Service

The following security has been added to the Share Information Service appearing in the Financial Times—

Rohm Group (Section: Buildings).

Royal pays special bonus

A substantial increase in pre-tax bonus rates for three years ending December 31, 1977, is announced by Royal Insurance Group. The rate on the sum assured is maintained at 2.50 per cent. per annum, but the rate on outstanding bonuses—the super bonus—is being increased by £2.60 per cent. per annum to £1.10 per cent.

Mr. Tony Baker, the chief actuary and life manager of Royal, reports that the current valuation has disclosed a surplus in excess of £80m. about twice that of three years ago. This illustrates the success of the investment approach adopted by the group and is an indication of its strength and prospects.

The effect of this change will be to add high bonuses to the policies that have been in force the longest, since they will have the longest attaching bonuses. The actuary obviously considers that this is the fairest method of distributing the profits, the longer the policy has been in force the more profit it is entitled to.

The super bonus rate is £1 per cent. higher than the interim value declared at the beginning of the year and the current interim rate is being kept at £1 per cent. lower. This means that, effectively, investors with Royal are paid a special bonus of 1.6p per cent. per annum for the last three years. Quotations for new on the successful letting of properties whether empty or due for

reinvestment will be given at £1.35m. in the U.K. and £1.35m. in Australia.

The directors estimate that an open market valuation would show in the U.K. surpluses totalling £10.809m. and deficits of £16.039 over the aggregate cost of £5.71m. and in Australia surpluses totalling £7.5102 and deficits of £4.87474, giving a net surplus of £1.945.625 over the aggregate cost of £1.04m. per cent.

The directors say that the situation is constantly changing and they are continuing the policy of including such properties in the balance sheet at the lower of cost and aggregate valuation.

In the auditor's opinion, to comply with current accounting practice, the property trading stock at December 31, 1977, should be written down by £1.35m. to the total of the two deficits.

The result of this adjustment would be to reduce group reserves brought forward at January 1, 1977, by £1.89m. and to increase the net profit for the year by £559,734.

In 1977 the group incurred investment losses of £1.16m. (£0.37m. in Australia and £0.37m. in Belgium) and this was only just offset by trading profits of £1.29m. to leave the pre-tax balance sharply lower at £1.134.337 against £874.791.

Sir Henry Warner, chairman, says that the immediate outlook for the group continues to depend on the successful letting of properties whether empty or due for

reinvestment.

Property outgoings rose from £2.4m. to £3.01m. reflecting the completion of new buildings.

Interest charges are lower but the amount chargeable against profits is much higher at £2.81m. against £1.88m. A further fall is likely in 1978 and the chairman feels that at least some of this should increase earnings.

Other negotiations are in hand and there is still good potential for increasing income.

Further progress has been made in dealing with the group's debt, the net short term position having been reduced by over 50% to £1.25m. of which reflects the rise in sterling of £1.95m. (£0.95m. will be repaid in May). It is the Board's policy to take advantage of any reasonable opportunities to fund short-term debt by borrowing for longer terms.

Investment properties sold during the year realised a surplus of £1.2m. in selling properties it is the Board's policy to improve the portfolio as well as raise money for debt repayment.

In 1977 net rental income in the U.K. increased by £227,950, and in Belgium by £89,099; in Australia there was a fall of £21,796.

The rise in U.K. trading profits is largely due to one transaction. Trading in properties should not be expected to contribute to profits in the U.K. on the same scale every year. In Australia, the estimate is far larger profits in 1978.

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In 1977 net rental income in the U.K.

British efficiency scores top marks

BRITAIN MAY not have had much to boast about over the past five years, but there are those—and not all of them are over-zealous patriots—who believe that the country has much to be proud of in its retail industry.

Leading British retailers like Marks and Spencer and Mothercare score top marks for efficiency on any international league table. And while British shoppers may sometimes look longingly at the choice of shops on the Continent, the British distribution system has much to be said in its favour in pure economic terms.

The big multiple groups take a bigger share of the total retail cake in Britain than in any other developed country.

They account in total for over 40 per cent of British retail sales and the signs are that this share will continue to increase. Distribution companies—both at the wholesale and the retail running almost 4 per cent their share of the cake from below their 1973 level. Although the recession cent, though they have not resulted in few major retail group failures—apart from in the trouble-torn menswear sector—it took its toll of profits.

Moreover, as the National Economic Development Council pointed out in its report in 1973, there is some evidence that the largest British retailers have been more profitable than those on the Continent. This concluded, probably had more to do with the larger scale of distribution organisations in Britain than with any difference in gross margins.

Since NEDC published its report, British retailers, along with those throughout the one estimate, the number of shops in Britain fell by a further 8.5 per cent between 1971, the date of the last official census, and 1975.

Following a rapid rise in sales in the early 1970s, the trade has had to deal with three years share of sales taken by independent shops which consumer expenditure

U.K. RETAIL SALES (per cent. shares)			
	1962	1971	1976
Multiples	24.0	29.3	40.6
Department stores	4.5	4.5	5.0
Variety stores	4.3	5.8	5.0
Consumer co-operatives	10.2	7.1	7.3
Mail order	2.5	3.8	4.8
Affiliated independent multiples	6.8	10.0	*17.3
Independent retailers	47.6	39.5	20.0

* Estimate by Management Horizons.

Source: National Census, Distributive Trades EDC (U.K.), Retail Trade Europe and Management Horizons (U.K.).

has fallen in real terms. Spending halved since 1962 and now is 1977 was the lowest for stands at around 20 per cent. During the same period, five years and though in recent months retail sales have begun to pick up again they are still below their 1973 level. Although the recession cent, though they have not resulted in few major retail group failures—apart from in the trouble-torn menswear sector—it took its toll of profits.

Reversed

Since 1962 department stores have marginally increased their share to 5 per cent, as have specialist discount chains like the variety stores. The Co-op, Comet and Allied Carpets meant that the department stores were forced to fight reversed the decline in its harder for business, and some fortunes which resulted in its share falling from over 10 per cent in 1962 to 7.1 per cent in 1971. In 1976 the figure recovered to 7.3 per cent.

The decline in consumer spending, coupled with the unprecedent increase in stores forced retailers to make a bid to increase volume.

Some of these closures were new ways of trading. Ideas made by big groups like the Co-op, International Stores and Allied Suppliers, but many were privately run shops. The like limited range discount Central London were able to have stores in

But though many of the food parity to offset the lower groups saw their salvation in volume in their provincial building supermarkets in uncongested fringe sites, the planning authorities ensured that their development was very small compared to the rest of Europe.

To-day such developments probably account for not much more than 2 per cent of total retail sales, though the six of the new supermarkets has continued to increase to the extent to-day that it is now unusual for a food group to build a supermarket less than 15,000 square feet.

Despite these new developments, most groups have been faced with the problem of how to get more volume through their existing stores at a time of reduced total demand. As demand fell and consumers traded down, so competition increased. This was most evident in the food trade where last year Tesco stepped up the price war by dropping trading stamps and cutting its margins. Other supermarket chains have retaliated with margin cuts of their own and the overall effect has certainly been to delay any recovery in profits, if not actually to reduce them overall.

But it was not only in the food business that competition intensified. The development of specialist discount chains like the variety stores. The Co-op, Comet and Allied Carpets meant that the department stores were forced to fight reversed the decline in its harder for business, and some fortunes which resulted in its share falling from over 10 per cent in 1962 to 7.1 per cent in 1971. In 1976 the figure recovered to 7.3 per cent.

The decline in consumer spending, coupled with the unprecedent increase in stores forced retailers to make a bid to increase volume. The poor state of the British economy did bring some small cheer to retailing. The depressed value of the pound resulted in a huge increase in sales to tourists. Those groups lucky enough to have stores in Central London were able to have stores in

more in London.

The ability to offset lower sales in one part of the country in this way could of course be said to be a benefit of Britain's concentrated distribution set-up.

The large national groups are able to spread both the capital costs and the effects of local competition over a wider base than smaller companies with all their eggs in one regional basket.

Supporters of the theory that Britain has a more efficient distribution system than most of its industrial competitors quote the performance of British retailers over the past few lean years as an example of this. They point to the fact that, outside the menswear business and the fairytale world of Biba, there have been no major casualties in British retailing, and that while profits have certainly fallen in real terms, the decline has not been as sharp as in some other countries.

To some extent, this may be a reflection of the way the British groups are financed. On the Continent many of the big chains are still in private hands and rely heavily on bank finance whereas—with the major exception of Littlewoods—the big British retailers are publicly quoted companies and so less vulnerable to sudden surges in interest rates.

British retailers had already cut back on labour before the recession began to bite, partly as a result of the switch to Selective Employment Tax in 1966, so there was possibly less over-staffing than in some other countries. Certainly there were big redundancies which had dragged down some Continental groups' profits.

The immediate outlook for British retailing is far brighter than it has been for some time. Retail sales are expected

to show a real increase this year

Source: National Retail Directories, Census and Management Horizons (U.K.)

in which Britain has fallen behind Europe and America in terms of the development of big new shopping centres, this tardiness has meant that Britain has not been faced with the kind of costly over-capacity which has dragged down some Continental groups' profits.

Against this, of course, is the fact that many British groups are still operating in old-fashioned premises which do

not fulfil the needs of the modern, car-borne shoppers and which are very expensive to run. And if Britain has not created over-capacity by building new shopping centres, it increase in profits except in the food sector, where the price war shows no sign of an immediate end. In the grocery business at least things look like being tough for some time to come.

Elinor Goodman

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The changing face of the housewife



Family shopping is no longer the preserve of the housewife.

The latest MGN Survey on husbands' influence on shopping for food* indicates that four out of five British husbands under 65 now get involved with shopping, either doing it on their own, or with their wives.

In 1973 only three out of five husbands were wheeling that supermarket trolley. It appears that the idea of shopping as women's work needs some modification.

Perhaps we ought to coin the term 'houseperson' to represent the individual who does the family shopping.

Otherwise we would be in danger of ignoring about 1.9 million men.

And when one adds to those 1.9 million the three-quarters of all husbands who go shopping with their wives, and do influence what is bought, it adds up to a new ball game – and that, surely, should prompt new creative and media thinking.

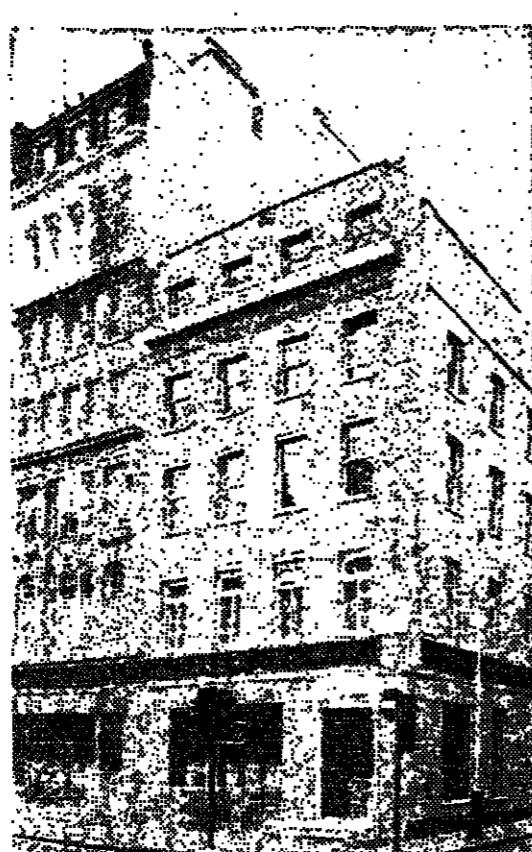
Perhaps advertisements should no longer be aimed solely at the housewife. After all, her husband might feel left out. And that could lead to you being left on the shelf.

*Husbands and Wives and Shopping for Food. By Brian Ait.

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INTERNATIONAL RETAILING IV

On these two pages Elinor Goodman and John Wyles review developments in the U.S., Japan and some of the leading countries in Europe. There is a common thread, but also variations which in most instances are dictated by the differences in the individual structure of society.

Some major markets

Japan

THE SHOPPING revolution perishable food at local shops in which swept Europe and North America in the 1960s is only a few days.

Each residential area has a cluster of local shops, many of them family-run and most of them determined to stay in business. According to the Nikko Research Centre, these shops are more interested in the stability of their income than in increasing profits.

As the Nikko Research Centre recently pointed out in a report on supermarkets, the labyrinth of the Japanese distribution system has a long history and its problems cannot be solved overnight. Japan's new industries, like cars and electrical appliances, have developed their own streamlined distribution systems but in older sectors, notably food and textiles, the lines of distribution are still very complicated.

In these sectors wholesalers are still extremely important. They themselves have very varied functions while beneath them operates a second tier of sub-contractors. In many cases the goods reach the shops only after having passed through the hands of three separate wholesalers. The length of this chain is demonstrated by the fact that the total volume of wholesalers is four times that of the shops.

The strength of the wholesale sector is partly a reflection of the way the retail market is organised (though it is difficult to say which is the chicken and which the egg). The small privately run shop is still a major force in Japanese retailing. The average Japanese shop still only has an average of 70 customers as against 100 to 140 in most Western countries.

Small neighbourhood shops are still very important in the food sector. The Japanese housewife still seems to buy



The Datsun/Nissan Motor group's Hammoku wharf.

from Euromonitor, the supermarkets continued to markets chains increased their share of the market from 8.4 of the big department store per cent in 1972 to just under groups have diversified into superstores.

The department stores, long an important feature of Japanese retailing and for many years the major exponents of general merchandise selling, seem to have withstood this challenge well and actually increased their share of the market in the five years to 1977. But the 60s rather than the 70s were the boom period for Japanese department stores. Last year, for example, department store sales were basically flat in real terms while those of

heavy in new shops over the past few years and have raised money in Europe to finance the expansion. But despite all the changes it looks like being some time before all the trends which have been seen in the West manifest themselves in Japan. Certainly many of the trends there – and in the case of some stores and some unique Japanese forms of discounting – far more than seen – though the wholesalers, have had to adapt their operations to new trading conditions, they are unlikely to be down and accept the less significant their counterparts have in many European countries without a fight.

West Germany



The Herre shopping centre in Frankfurt.

is the biggest market in Europe bounds and the number of companies with an unusually high penetration in Germany which have attracted the headlines over the past few years as far as the financial news is concerned. The takeover of the Neukirchen group by Karstadt has been well documented but this has not been by any means the only merger to have taken place over the last few years.

As in Britain, the big groups have been struggling to increase their sales in real terms. In some ways it could be argued that their problems had been made worse by all the new capacity which had been created during the boom years.

But despite the development of these new forms of retailing, the retail scene is characterised by a high degree of efficiency and some of the established features of German retailing have proved to be surprisingly resilient. Despite their problems, German department stores still account for around 10 per cent of total retail sales at a higher figure than in most other countries. The sales of the big department store groups like Karstadt and Kaufhof dwarf those of retailers in other countries. The companies have not sat back and watched the new kinds of shops eat into their traditional territory but have diversified into these areas themselves – albeit not always very profitably.

It has been the department store sector and the mall order of a shortage of good sites.

RETAIL TRADE BY FORM OF ORGANISATION

(Per cent share)

	BELGIUM	IRELAND	ITALY	NETHERLANDS
	1962 1971 1976	1962 1971 1976	1962 1971 1976	1962 1971 1976
Multiples	4.0 9.9 14.3	6.9 10.2 14.5	1.3 3.0 3.5	17.5 20.5 23.5
Department stores	3.9 3.9 4.0	5.5 6.6 6.5	0.4 0.5 1.3	1.3 1.3 1.5
Variety stores	4.2 4.2 4.0	1.0 1.7 2.8	1.7 3.4 4.6	1.0 1.0 1.0
Consumer co-operatives	3.0 3.4 1.3	7.0 7.0 7.5	1.3 1.7 2.5	1.7 1.6 1.2
Mail order	0.5 0.5 1.2	— —	0.3 0.2 0.3	0.6 0.6 0.9
Affiliated independent multiples	6.8 7.0 7.8	5.5 6.5 7.0	2.9 5.5 8.5	20.0 24.7 31.4
Independent retailers	77.6 71.7 65.9	75.2 69.0 61.6	93.2 85.6 78.6	55.8 46.2 32.5

* Estimate by Management Horizons.

Source: National Census, Distributive Trades EDC (U.K.), Retail Trade Europe and Management Horizons (U.K.).

INTERNATIONAL RETAILING V



Sergels Torg, the square in the modern centre of Stockholm.

Scandinavia

AS A highly urbanised country, Sweden has often led the way in the development of new forms of retailing. Many of the exchanges which have taken place in the structure of Swedish retailing have emerged later in other countries.

The first supermarket was built in Sweden as long ago as 1952, while self-service has made bigger inroads into Swedish retailing than in practically any other country even furniture is sold on a self-service basis.

At the same time new forms of small convenience stores have sprung up which sell a wide range of goods but stock very few things in depth. Another novel development has been the opening of outlets by manufacturers and wholesalers to sell their own specialist products. They offer single-line commodities at heavily cut prices.

Many of these ideas have been developed by retailers in other countries. But the Swedes themselves have taken some abroad. The discount furniture chain Ikea, for example, has shops in five European countries as well as in Canada, while Hennes and Mauritz, the largest specialist retailer in Sweden, has already expanded into Norway and Denmark and is now beginning

of all retail sales—a far higher penetration than in most other countries. Most are retail-owned rather than, as in Britain, operated by wholesalers.

At the other end are the traditional consumer-owned co-operative societies. Though the life has not been made easy by the development of privately run multiple chains, they have managed to hold on to the envy of Co-ops in other countries.

Claimed

In 1976 the Swedish co-operative movement claimed to have taken 17.8 per cent of total sales and it announced that it was hoping to increase this to 18.1 per cent by 1980.

As well as running department stores like the Domsus chain, the Swedish movement operates superstores and has developed some ideas which could well be copied by co-operative societies in other countries. Recently,

the Swedish retail scene is the development of "co-operation" in the widest sense of the word. This has manifested itself in two ways. At one end of the spectrum retailers have cooperated among themselves to form voluntary groups which now account for about a quarter

there has been a similar move towards greater concentration in retailing, though in neighbouring Denmark the move came relatively late. While independent retailers in other countries faced growing competition from larger companies, the small trader in Denmark remained protected by Government legislation. In 1970, however, the law which effectively limited the number of shops a retailer could operate was repealed, and since then there have been major changes in the retail structure.

Predictably, store closures have accelerated and multiple groups like Irma have grown up. As in Norway, where in the opinion of some, the voluntary group movement is the most effective in Europe, independent retailers have formed their own associations.

But if Scandinavia has an efficient retailing structure, it has not escaped the effects of the recession—though in the case of Denmark the brakes did not come on until the end of last year. In the last quarter of 1977 sales in both Denmark and Sweden were very depressed and retailers were experiencing much the same problems their counterparts in other parts of Europe had suffered in the previous two years.

France

SHOPPING in France is like walk of the small specialist shops — are examples of the kind of huge modern retailing development which are the pattern for the future and the envy of retailers throughout the world.

France is a land of paradoxes as far as retailing is concerned. For the past ten years or so the country has led the world in the development of new forms of shopping. The hypermarket concept may have originated in Scandinavia but

it is the French who are acknowledged leaders in the field. To-day there are 350 hypermarkets in France.

Normally situated outside towns, these monster stores are now estimated to account for around 10 per cent of total French retail sales. Their operators, like Carrefour, have exported the idea around the world and it is France, rather than America, that those looking for inspiration about large-scale developments now turn.

Similarly, the French have developed the regional shopping centre concept further than most other countries. Paris is now surrounded—some would say strangled—by a ring of vast new covered shopping centres, like Parly 2 and Roissy 2, which cater primarily for the car-borne shopper and which in most cases have managed to create an attractive new shopping environment.

Alongside these new developments, however, the independent trader has managed to hold onto a bigger share of sales than in almost any other developed country. Partly because of the highly discriminating character of the French consumer and partly because of the political clout of the small shopkeeper, the independent sector still accounts for around 60 per cent of total sales.

According to figures produced by Euromonitor, this share has actually increased over the last five years despite the many closures in the food business. The regional retail structure has helped the small trader and hindered the multiple—though recently there have been signs of regional groups like Casino moving out of their traditional territories and into the rest of France.

The huge shopping developments opened over the last 10 years have of course taken business from some of the established operators. French magazines talk about the crisis in department stores which, like the variety chains, have been squeezed not only by the opening of hypermarkets selling a wide range of non-food items but also by the development of specialist discount chains.

Most of the department store groups have moved into hypermarket trading (Au Printemps, for example, is associated with Euromarche, the third largest hypermarket operator) as well as opening new stores in the regional shopping centres. But the expansion has not been without its problems. Au Printemps, for example, recently closed its department store in the Cretel centre.

Looking to the future, most French retailers seem to think that the country is beginning to reach saturation point as far as large-scale developments are concerned. The law in any case militates against such developments and even if the rate of closure among independents begins to pick up there still looks like being overcapacity in French retailing for some time to come.

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United States

THE U.S. retailing scene has a taller, until about ten years ago, Sears' reputation rested on the U.S. economy turning, has to be the basement and on particular fascination no matter what interest is in the eye of the its sales of good quality, relatively buoyant during the past year. It has to catalogue chains like Sears and can find an impressive variety. However, this was sacrificed in a remain so for the Carter Administration will have considerable of price and product and stand to widen margins and to minimize its resources to bring to bear in display in big city department stores which testify to a affluence. Moreover, the low growth in real Gross Product this year. By the end of March Sears had posted a 12 per cent year-to-year sales gain, K Mart both yield and growth while the in particular proving to be 4.5 to 5 per cent their attack on fashion sales. industrial analyst can see a of the most aggressive and successful. Mr. Sosnick believes that March 16 per cent, J. C. Penney 22 per cent and Woolworth 15 per cent.

Embark

This company's sales stood at a modest \$500,000 in 1962, had risen to \$3bn. by 1971 and were close to \$10bn. last year. Sears, whose net sales in 1977 were \$17.2bn., declined early last year to embark on an ambitious price cutting programme to lure customers back from K Mart. Profit a tremor through the industry, margins were reduced and it was hoped for 4.5 to 5 per cent. The development of original outlets. Historically, U.S. retailing appears to have exhausted most of the rich opportunities associated with the steady move to the suburbs of the American middle class. During the 1960s chain stores, regional department stores and discount houses dominated the suburban shopping centres which characterise the American consumer's way of life. Competition for business became intense, and in recent years and recession and eroding profit margins have seen the disappearance of such well-known names as W. T. Grant, Robert Hall, Arcins, Tops and White Front.

During the last few months the fight for market shares between the discount houses, the chain stores and the department stores has intensified. Most notable has been the aggressive pricing policy adopted by Sears able to take away from the dis-

tribution scene, "and with its new strategy, the battle between the

company's management which con-

cerned that these stores have lost many of the advantages they used to enjoy. The development of shopping malls means that these stores have lost many of the advantages they used to enjoy.

Mr. Sosnick believes that conventional department stores face a difficult future and that some may not be equal to the challenge.

Professor Walter Salmon of the Harvard Business School argues that these stores have lost many of the advantages they used to enjoy.

Quite apart from the catalogues themselves, they enjoy the advantages of shopping centre locations, high volume purchasing and the ability to advertise on TV and in magazines.

Mr. Sosnick is not alone in believing that conventional department stores face a difficult future and that some may not be equal to the challenge.

Professor Salmon believes that to counter the loss of market share department stores will expand into "ego-related businesses" such as specialty retailing.

Some of this expansion will probably occur through acquisition and he cites Dayton Hudson as a company moving in this direction through its purchase of bookelling and jewellery operations.

John Wyles

RETAIL TRADE BY FORM OF ORGANISATION

(Per cent shares)

	Denmark		West Germany		France		Sweden		
	1962	1971	1976	1962	1971	1976	1962	1971	1976
Multiples	3.1	6.0	10.0	9.1	14.6	19.0	8.6	15.2	3.9
Department Stores	2.5	3.6	6.0	6.5	8.8	10.5	3.3	4.2	10.9
Variety Stores	—	2.0	6.0	1.2	1.5	—	4.2	5.3	17.2
Consumer Co-operatives	10.3	11.4	8.5	3.1	2.0	3.1	2.6	2.9	1.9
Mail Order	0.1	0.2	0.2	3.5	4.7	5.0	0.7	1.1	1.4
Affiliated Independent Multiples	13.5	16.7	20.0	34.5	39.6	40.7	11.6	15.6	—
Independent Retailers	69.5	60.1	55.3	42.1	21.8	21.7	69.0	55.7	70.0

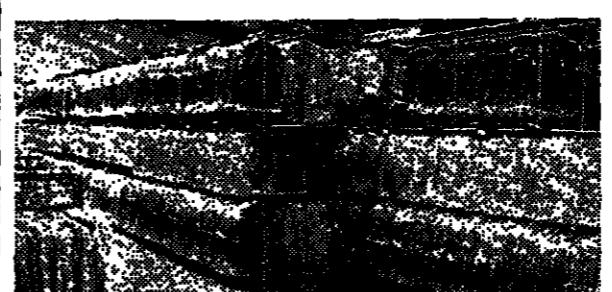
Source: National Census, Distributive Trades EDC (U.K.), Retail Trade Europe and Management Horizons (U.K.).

'The Clothing Transport people'

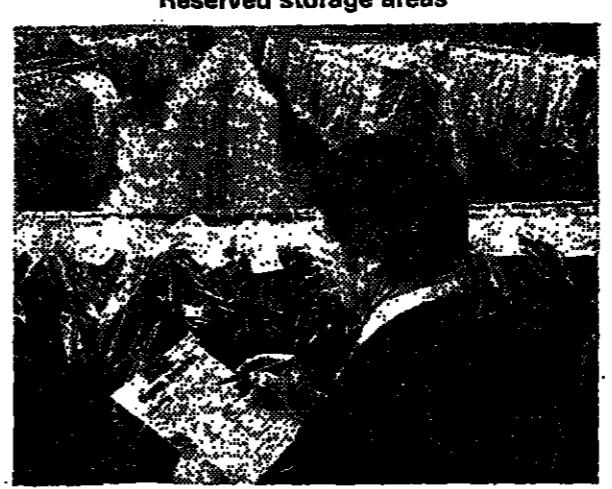
is too simple a description of the services we offer.



Clothes on hangers or in cartons



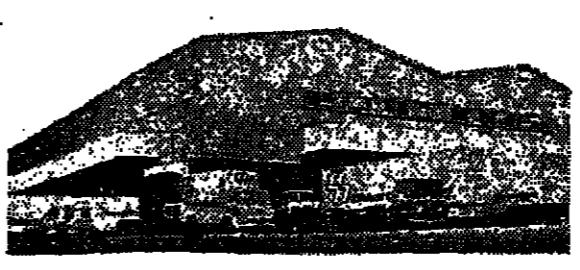
Reserved storage areas



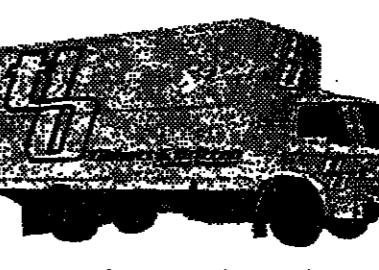
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INTERNATIONAL RETAILING VI

Electronic systems for stock control

A MAJOR problem confronting the point of sale, has been the issue of delayed development of language so that the computers in relation to POS systems, retail management in Europe, one of the major management systems. In addition, since grocery manufacturers and grocery suppliers respond to the stockholding costs, is how to walk the tight-rope between keeping stocks at their lowest level and purging laser beams has been against the consumer lobby. As retailers, manufacturers and (not without some justification) at the same time avoiding the development of the bar-coding system, which began in January of this year, only launch of the Article Number Numbering Association in this putters with more than a touch of weary cynicism, suspecting that this is yet another "spectacular development" in the food industry which would require from them a contribution to the costs while providing them with less benefits than the retailer.

The answer, of course, lies in improved management information systems, and particularly in capturing rapid up-to-date and detailed information on sales which can automatically be related to stock levels. The application of electronic data processing to stockholding costs, and conflict European signatory countries retailing, and more particularly with labour unions over this which will provide a common language.

Language

Nevertheless, over the past few years, the European Article Numbering Association has been more concerned with the set up essentially to offer a two of the leading companies in the field. Sweda numbers among its customers two Carrefour hypermarkets in France and two in the U.K.; the Kinnescent department store group in Italy; the supermarket group Albert Heijn in Holland; and the German cash and carry group Ratio. Sweda has also been active on the American front, selling systems to Bradlee's department store group in Massachusetts, Woodward's department stores in Vancouver, and installations in Mexico and Brazil.

NCR has been busy in Scandinavia; one of its latest contracts is with the department store group Magasin du Nord, which has six stores in Denmark. Over the next couple of years a total of 850 NCR 2151 POS terminals will be installed in the six stores, and each store will have its own NCR 725 mini-computer. Early last year the supermarket group Irma, the second largest retail company in Denmark, installed an NCR 255/726 computerised checkout system with laser beam scanners built into the checkouts. NCR has also supplied the Swiss department store group Jelmoli and the German store group Karstadt. The company also has a number of installations in Britain.

Some major retailers, too, although accepting the need for up-to-date sales information, view with alarm the high cost of electronic systems at point of sale, which can amount to about £3,000 per check-out. They are aware that source data can be captured in a number of different locations in the retail system, and not just at the point of sale.

Some retail companies—Sainsbury was one of the first—are installing general purpose data entry terminals which are one quarter the cost of a fully computerised system and can provide up to 80 per cent of the information. Systems such as this still offer all the main computer-oriented facilities, such as word reading of OCR (Optical Character Recognition) or magnetically encoded merchandise tags, transmission of data by telephone lines, and even automatic data polling by the computer of each shop location during the night. So the full advantage of a daily stock control system can be gained at

considerably lower investment and particularly about its use

One of the 48 NCR terminals at one of the checkouts at the Migros store in the Glatt shopping centre at Zurich in Switzerland. The terminals are linked to an NCR in-store mini-computer for price look-up and management information.



MSI portable data capture terminal

of the principal manufacturers French supermarket group. But in Britain there is no uniformity of attitude on the part of retailers over the introduction of portable data entry terminals. SAPAC in Germany, it has terminals in the Schmidt supermarket group, and in Italy is represented in three out of five Tesco, which has just spent £6m. with IBM on computers, and the surrounding proselytisation, that they were prepared to undertake bar-code printing only in conjunction with their normal packaging design programme. That, they warned, would mean a time-lag of at least three years.

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MSI Data Corporation is one of vice levels by 15 per cent and Valence, and in the 80-strong third.

Command

MSI claims to command 80 per cent of the portable data entry terminal market, with 63,000 terminals installed in 18 countries. Among European countries it has shelf-edge order entry systems in the Belgian supermarket company Grand Bazar (part of GB-Inno-BM); in have improved warehouse service levels by 15 per cent and

Champagne, Lorraine, and to have cut branch stocks by a

for its Bristol supermarket to be opened next month. Here it will be using the Sweda 1 range of non-computerised registers at the 50 checkouts. Carrefour only about 40 per cent of a totally computerised on-line system, yet getting as much information, according to managing director Peter Stirling, as can be usefully handled.

Edward McAdams

Editor, Retail and Distribution Management

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FINANCIAL TIMES

Monday April 17 1978

Economic pact with Ireland expected

BY GILES MERRITT

THE BRITISH and Irish Governments will announce soon an economic co-operation pact that should have far-reaching implications for the development of Ulster.

A report that sets out areas for joint action, notably between Northern Ireland and the South, has been submitted for the approval of Mr. Callaghan and Mr. Jack Lynch, the Irish Prime Minister. In spite of the present deterioration in Anglo-Irish relations due to disagreement over Ulster, it is expected that the document will be announced jointly next month.

The report may be unveiled in Dublin if Mr. Roy Mason, the Ulster Secretary, visits the Irish capital next month for meetings with Mr. Michael O'Kennedy, the Irish Foreign Minister, that was postponed just before Easter.

Officials in both Dublin and Belfast are concerned to play down the implications of the report for fear that it will arouse political sensitivities, particularly among Ulster Unionists.

But they say that acceptance of its proposals by both governments would give a green light to a wide variety of cross-border projects and joint ventures.

The Anglo-Irish study was initiated by Mr. Callaghan and Mr. Lynch when they met in London last September, and its findings are divided into four broad categories:

Harmonisation

1—North-South co-operation on industrial projects and programmes for increasing cross-border trade. Only about 4 per cent of the Republic imports come from Ulster.

2—Energy co-operation under which Ulster's anticipated electricity surplus in the 1980s could be sold to the South, or perhaps exchanged against the Republic's natural gas from the extensive Kinsale Head field.

In addition to the re-opening of the 300 MW interconnector between Ulster and the Republic damaged by the IRA, the report considers a cross-channel inter-connection between Ireland and Britain.

3—Transport and infrastructure co-operation, which would iron out anomalies created by unrelated planning on the two sides of the border and would create more efficient North-South road and rail links.

In the past, the emphasis in Dublin and Belfast has been more on links with Britain.

4—Customs harmonisation and the streamlining of procedures that at present add an average 12 hours to the 3-4 day Dublin freight trip.

Only last week the Irish Grain Board said that this "administrative muddle" was seriously jeopardising the Republic's grain exports to Ulster, worth £10m. a year.

Few benefits

With the exception of customs procedures, which it is expected can be reorganised before the end of this year, the Anglo-Irish pact will yield few immediate benefits.

Instead, it will initiate a number of feasibility studies into major cross-border projects that would help broaden Ulster's industrial base.

The chief political stumbling block to this co-operation however, is Northern Ireland and British suspicion that Mr. Lynch's anti-partitionist Fianna Fail Government sees it as a step towards federal reunification of Ireland.

Background, Page 5

Stewards try again to rescue Speke

BY NICK GARNETT, LABOUR STAFF

A CO-ORDINATED national programme involving dockers, road hauliers and other groups, is to be urged against British Leyland's plan to shut its car assembly plant at Speke on May 26.

Transport and General Workers' shop stewards at the plant will be urging the action of union officers.

After the overwhelming vote by Speke workers at the weekend against both closure and the redundancy terms offered, shop stewards will redouble attempts to force British Leyland at least to introduce new work into both the car assembly and body-building plants at Speke.

The executive of the national shop stewards committee in British Leyland is also meeting in the next fortnight to discuss the position.

The committee has agreed that no work on the TR7 will be transferred from Speke to other plants unless arrangements made with British Leyland were essential to Merseyside satisfy the workers. Mr. Derek Robinson, the committee's chairman, said yesterday that serious consideration would be given to any appeal by Speke shop stewards for a series of strikes at British Leyland.

Mr. Terry Duffy, the amalgamated Union of Engineering Workers' executive member for the motor industry, said that the Confederation of Shipbuilding and Engineering Unions was almost certain to give the Speke workers official backing after the weekend vote.

The confederation last week deferred its decision on Speke until April 24. Mr. Grenville Hawley, national

any loss of jobs at Speke.

automotive secretary for the TGWU, said that further talks with British Leyland were essential.

National union officials will again press the company to postpone the closure date and examine more closely the possibility of bringing new work into Speke from the company's other divisions, including bus and truck, and special products.

Further discussions are also likely on the size of redundancy payments on which British Leyland has indicated it is prepared to negotiate.

Some Speke shop stewards said yesterday that the size of the payments had had some effect on the weekend vote against compulsory redundancies.

But the dominant factor had been a strong desire to resist

the closure of the plant.

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